ASSOCIATE EDITORS

Blair Holcomb, M.D., Portland, Ore.
C. E. Hunt, M.D., Eugene, Ore.
H. E. Coe, M.D., Seattle, Wash.
O. M. Rott, M.D., Spokane, Wash.
Alexander Barclay, M.D., Coeur d'Alene, Idaho.
S. M. Poindexter, M.D., Boise, Idaho.

This journal goes to press the first day of the month. Material for publication should be received by the 25th of the preceding month.

—

Reprints will be furnished by the printer according to the schedule of prices which accompanies the galley proofs submitted to the author. The order for reprints should accompany the returned galley proofs. The printer holds the type until the first of the following month.

—

Illustrations will be provided by the journal to the extent of moderate cost, beyond which the contributor may provide anything he desires. Arrangements can be made by correspondence.

EDITORIALS

DO YOU READ STATE SECTIONS?

An important department of this journal is that which is devoted to the individual interests of the three state associations which it represents. Under the designation "State Sections" are presented each month descriptions and discussions of matters of special interest to the physicians of each of these states. Complaint has been received that members of some of the state organizations represented do not read these articles, and accordingly do not keep posted on events and progress of affairs that properly should command their attention. This failure of observation and reading cannot be laid at the door of this journal. The material is there and easily accessible. Failure to read it can only be attributed to lack of attention and interest on part of the individual physicians.

In order to call special attention to matters of special interest under State Sections, as well as original articles that seem of particular importance, the table of contents which has always appeared on the title page, will hereafter

be found on page four of the advertising section. On the title page hereafter will be listed those items and papers which appear to be of sufficient importance for individual mention. It is hoped that this arrangement may be effective in making this journal more useful to its readers.

* * * * *

5377 * * * * *

ORIGINAL ARTICLES

THE OREGON PLAN*

PROVIDING MEDICAL CARE FOR THE LOW-WAGE INDUSTRIAL GROUP

W. W. Baum, M.D.
SALEM, ORE.

Before setting forth the Oregon Plan for providing medical care to the low-wage industrial group, it is necessary that we give consideration to certain facts in the history of contract practice in this state and also to certain peculiarities in the laws of the state of Oregon. Commercial organizations have engaged in the business of supplying medical and hospital care, drugs, nursing and allied services to groups of individuals on a contract basis for over thirty years. It is the general policy of the law of the United States that the practice of medicine, law and other professions shall be confined to certain qualified individuals. Corporations cannot practice medicine or contract to furnish medical care. In 1917 the Oregon State Legislature passed the so-called Hospital Association Act, the effect of which is to permit corporations to contract to furnish medical and allied services without being liable to prosecution for practicing medicine without a license.

The commercial hospital associations, being business organizations, naturally operated along the lines of business rather than medical ethics. Being interested in producing a profit for their owners and stockholders, they concentrated their efforts on obtaining profitable contracts, usually large industrial groups. As business organizations, they were primarily interested in pleasing customers (in this case the subscribers and particularly the owners and managers of industrial plans, through whom contracts were

---

* Presented before a meeting of Pacific Coast Association of Medical Executives, Seattle, Wash., Dec. 10, 1939.

generally obtained), and often made concessions which were against the best interests of physician and patient in order to sell contracts.

Contract medicine of this type, legalized under the state laws since 1917, spread throughout the state and gave coverage to a large percentage of the industrial groups. The system operated with a fair degree of satisfaction so far as the employee and employer were concerned, but with increasing degree of dissatisfaction on the part of physicians who were in a position to see and appreciate the serious ill-effects of such third party interference upon the traditional physician-patient relationship.

Being dissatisfied with the situation as it existed, the physicians in several communities organized hospital associations which were owned mutually by the physicians and
5378 which were operated by them. Since the wage earners and their employers had been educated through many years to the above described type of "hospital association" coverage, it was necessary for the new physician-owned associations to offer them similar coverage and to compete with commercial associations in selling their contracts to employers and employees. That is, it was not possible for the local groups or Oregon State Medical Society to set up and operate an ideal plan or one which was free from all objectionable features; they were forced to accept conditions as they existed and to formulate a plan which would meet those conditions from a practical standpoint. The society studied the problem for several years and at the 1938 meeting adopted a Policy and Program for the Medical Care of Low-Wage Industrial Groups which has since been modified only in certain details.

Space does not permit setting forth of the plan in complete detail. The basis of the plan was to coordinate the physician-owned mutual organizations which were then operating in various localities, and using this group as a nucleus to encourage the formation of similar local groups in any communities where the need for such contract practice existed. In order to carry on these activities the Oregon State Medical Society set up the Bureau of Medical Economics, which Bureau was composed of (1) the executive committee of the council of the society and (2) one representative from each local organization operating under the plan. Funds for the operation of the Bureau are provided in part by a contribution from the funds of Oregon State Medical Society and in part by an assessment upon

each of the local groups. At the present time upon each of the local groups.

Contracts offered to employees under the plan include furnishing of drugs and hospital services. It is hoped in the near future to be able to divorce these and to limit the contracts to furnishing of medical service only. Contracts written under the plan differ in certain details, due to various local requirements, but all offer essentially the following services: (1) all necessary medical and surgical treatment, limited to a period of one year for any one disease; (2) complete hospital service (ward), limited to six months in any one case; (3) all necessary medicines, medical and surgical supplies; (4) dental service for acute conditions and extraction of teeth necessary in treatment of general disease.

Fees paid by subscribers under these contracts vary in different industries and localities, ranging from $1.50 to $2.00 per month. The plan is designed to benefit the low-wage group and the Bureau has recommended that a maximum income level of $1000 per year for single persons and $1600 for married persons be adopted as an objective, with each local organization being permitted to fix lower income levels if it so desires.

The Bureau of Medical Economics is guided by the following fundamental principles of policy and program:

1. The principle of local autonomy, namely, that the medical profession in each local community should handle its own affairs, including the determination of the need of any special plan to provide medical care to low-wage industrial groups and the nature of any such plan.

2. The principle that Oregon State Medical Society should act as a clearing-house of information for its component societies and should provide them with the fullest technical assistance in surveying their local conditions, and in developing and installing special plans of medical care where the component societies desire them.

3. The principle that Oregon State Medical Society should retain its independent status as a scientific and educational organization and its censorial functions over all plans for providing medical care.

In granting approval to a local organization and admitting it to membership in the Bureau, it is required that the following principles be observed:

1. All features of medical service in any method of medical practice should be under the control of the medical profession. No other body or individual is legally or educationally equipped to exercise such control.

2. No third party must be permitted to come between the patient and his physician in any medical relation. All responsibility for the character of medical service must be borne by the profession.

3. Patients must have absolute freedom to choose a legally qualified doctor of medicine who will serve them from among all those qualified to practice and who are willing to give service.

4. The method of giving the service must retain a permanent, confidential relation between the patient and a "family physician." This relation must be the fundamental and dominating feature of any system.

5. All medical phases of all institutions involved in the medical service should be under professional control, it being understood that hospital and medical service should be considered separately. These institutions are but expansions of the equipment of the physician. He is the only one whom the laws of all nations recognize as competent to use them in the delivery of service. The medical profession alone can determine the adequacy and character of such institutions. Their value depends on their operation according to medical standards.

6. In whatever way the cost of medical service may be distributed, it should be paid for by the patient in accordance with his income status and in a manner that is mutually satisfactory.

7. Medical service must have no connection with any cash benefits.

8. Any form of medical service should include within its scope all legally qualified doctors of medicine of the locality covered by its operation who wish to give service under the conditions established.

9. Systems for the relief of low-income classes should be limited strictly to those below the "comfort level" standard of incomes.

10. There should be no restrictions on treatment or prescribing not formulated and enforced by the organized medical profession.

Plaintiff's Exhibit 679

5379

NORTHWEST MEDICINE

The Journal of the
State Medical Associations of Oregon,
Washington, Idaho

Issued Monthly by
Northwest Medical Publishing Association

Office of Publication, 225 Cobb Building, Seattle, Wash.

Vol. 39, No. 7 JULY, 1940 $2.00 per Year

BOARD OF TRUSTEES

K. H. Martzloff, M.D., Portland, Ore.
E. H. McLean, M. D., Oregon City, Ore.
G. C. Schauffler, M.D., Portland, Ore.
H. G. Willard, Tacoma, Wash.
J. M. Bowers, M.D., Seattle, Wash.
R. N. Hamblen, M.D., Spokane, Wash.
J. L. Stewart, M.D., Boise, Idaho.
J. T. Wood, M.D., Coeur d'Alene, Idaho.
C. R. Scott, M.D., Nampa, Idaho.

EDITORIAL STAFF

Clarence A. Smith, M.D., Editor-in-Chief, Seattle.
Herbert L. Hartley, M.D., Assistant to Editor, Seattle.

ASSISTANT EDITORS

M. D. Bridgeman, M.D., Portland, Ore.
V. W. Spickard, M.D., Seattle, Wash.
J. N. Davis, M.D., Twin Falls, Idaho.

ASSOCIATE EDITORS

Blair Holcomb, M.D., Portland, Ore.
C. E. Hunt, M.D., Eugene, Ore.
H. E. Coe, M.D., Seattle, Wash.
O. M. Rott, M.D., Spokane, Wash.
Alexander Barclay, M.D., Coeur d'Alene, Idaho.
S. M. Poindexter, M.D., Boise, Idaho.

OREGON STATE MEDICAL SOCIETY

SIXTY-SIXTH ANNUAL MEETING, EUGENE, SEPT. 4-7

[Emblem]

ORGANIZATION ACTIVITIES

The Council and Bureau of Medical Economics met in joint session at Portland June 1. The meeting was preceded by a joint meeting of the Executive Committee of the Council and Executive Committee of the Bureau. A number of important matters were considered and acted upon.

* * * * *

5381 * * * * *

Medical Aid Contracts by the State Industrial Accident Commission

There was discussion concerning making medical aid contracts of the State Industrial Accident Commission with hospital associations. It was suggested that the Committee on State Industrial Affairs discuss this subject with the State Industrial Accident Commission, with a view to inducing the Commission to discontinue making such contracts, so far as feasible. It was also suggested that the Commission be requested to cooperate with the Society in amending the Workmen's Compensation Law to eliminate this practice, or at least in not opposing such legislation.

It was voted that the Committee on Public Policy be instructed to have drafted and introduced at the 1941 Session of the State Legislature amendments to the Workmen's Compensation Law to prohibit the making of medical aid contracts.

Basic Policies Concerning Postgraduate Education

The Council, on recommendation of its Executive Committee, adopted the following basic policies with respect to postgraduate education:

1. That the direction and providing of postgraduate instruction to the medical profession be considered strictly as a function of the medical profession itself, as represented by the constituent state medical associations, the American Medical Association and affiliated organizations in the specialties, and approved medical schools.

2. That federal and state agencies have no proper place in the field of postgraduate medical education, in view of the fact that their activity in this field tends to establish a pattern leading to eventual bureaucratic control of medical education, with its various inefficiencies and political ramifications.

3. That it is very doubtful whether there is an actual need for the organization known as the Associated State Postgraduate Committees, inasmuch as it duplicates the work of the Council on Medical Education and Hospitals of the American Medical Association which is functioning actively as a coordinating mechanism between the various constitutent state medical associations in the field of postgraduate instruction.

4. That the suggestion be offered to the American Medical Association that the Council on Medical Education and Hospitals promote, in connection with each annual session of the Association, a conference on postgraduate medical education, to which would be invited members of the committees on postgraduate instruction of constituent state medical associations and other members of the profession interested in postgraduate instruction.

Policy Concerning Certain Objectionable Practices of Insurance Companies

The Council, on recommendation of its Executive Committee, adopted the following resolution concerning certain objectionable practices of insurance companies:

Whereas: Certain insurance companies, which write medical indemnity insurance, medical expense insurance, health and accident insurance or insurance providing for compensation and medical aid benefits to workmen injured in the course of their employment, have established the practice of demanding from physicians reports of diagnosis and treatment without the authorization of the assured; and

Whereas: Many of these companies also attempt
5382 to fix the fee for the physician's services, and often attempt to apply the fee schedule of the state agency administering the workmen's compensation law, even though the physician has no contractual or other relationship with the insurance company involved; and

Whereas: The fee schedules of the agencies administering the various workmen's compensation laws have been

established in cooperation with representatives of the medical profession and are based upon a generous discount from customary fees offered by the medical profession to a non-profit state agency as a gratuitous contribution to the welfare of their state and community; and

Whereas: There is no justification for commercial organizations operating for profit to apply such fee schedules in order to make a profit for themselves; and

Whereas: These practices are not confined to Oregon, but are national in their scope; now therefore, be it

Resolved: By the Council of Oregon State Medical Society:

1. That the practices of such insurance companies in demanding from physicians reports of diagnosis and treatment without the authorization of the assured, and in so fixing the fee for the physician's services even though the physician has no contractual or other relationship with the company involved, are hereby declared to be contrary to the best interests of the public and the medical profession.

2. That a copy of this resolution be sent to the Secretary of the American Medical Association, for the attention of the House of Delegates of that Association.

3. That the delegate from Oregon to the coming convention of the House of Delegates of that Association be furnished with a copy of this resolution, and that he be asked to have this matter brought to the attention of said House of Delegates.

Coos Bay Hospital Association Approved

The Council approved the Coos Bay Hospital Association as an agency to administer a plan of prepaid medical care to low-wage industrial groups in the territory embraced by the Coos and Curry Counties Medical Society, and recognized Dr. Dean P. Crowell of Marshfield as representative of the Association in the Bureau of Medical Economics. The Coos Bay Hospital Association, with the assistance of the Bureau of Medical Economics, has recently been reorganized so that its former limited membership of physicians has been expanded to include all the members of the Coos and Curry Counties Medical Society practicing in the territory which it serves.

Multnomah Medical Service Bureau to Serve Territory of Central Oregon Medical Society

In compliance with a request of Central Oregon Medical Society, the Council authorized Multnomah Medical Service Bureau to extend its activities to the territory embraced by that Society for the purpose of making available to low-wage industrial groups a plan of prepaid medical care.

The Case for Private Medicine

The Council authorized that reprints of the article, "The Case for Private Medicine," which appeared in "The Nation's Business" magazine for May be sent to the editors of all daily and weekly newspapers in the state.

ANNUAL STATE MEETING

The Eugene Session: A Postgraduate Assembly

In conformity with the policy recently adopted by the Council "that for the next three years the postgraduate instruction offered by the Society consist of a centralized course to be offered in connection with the annual session," the Committee on Annual Session has been working with the Committee on Postgraduate Education in developing a program which will be largely of a postgraduate nature. The two committees are planning a series of well organized presentations in medicine, endocrinology, surgery and orthopedics by guest speakers of national reputation.

Fred M. Smith, Professor of Theory and Practice of Medicine at the State University of Iowa College of Medicine; Arthur Steindler, Professor of Orthopedic Surgery at the same institution, and Hans Lisser, Clinical Professor of Medicine at the University of California Medical School, have been engaged as guest speakers. The guest speaker in the field of surgery has not yet been selected. Each of the visiting clinicians will make three presentations in his field and lead a round table discussion.

In order that some opportunity may be offered for local essayists to present material, a limited number of local papers will be scheduled. At the present time it appears that the number of local papers will necessarily be limited to ten. Special effort is being made to induce the members to participate in the Scientific Exhibit.

Scientific sessions will be held in Eugene's Masonic Temple. The Scientific Exhibit and the Technical Exhibit will also be housed in this building.

Round table discussions are scheduled for luncheon on the first three days of the meeting and evening of the second day. The annual banquet will be held on the evening of the third day. The annual business meeting will be scheduled for the morning of the fourth day. It will be followed by the annual golf tournament and other entertainment. As has been the custom for a number of years, the House of Delegates will convene at breakfast each morning.

The headquarters for the Session will be the Osburn Hotel. The Eugene Hotel will be the headquarters of the Woman's Auxiliary.

As each of the guest speakers is outstanding in his field, members will be justified in staying a full three days to hear any one of them. The Session as a whole will truly be a postgraduate course worth any physician's time.

Eugene, and the environs of the University of Oregon and its numerous other attractions, is an ideal setting for the meeting. Hotel accommodations are ample, and no one need sleep in a dormitory, a tent or his car. However, it is recommended that members make their reservations early, come early, stay through the entire Session and learn of new developments in diagnosis and treatment from four outstanding guest speakers.

Remember the date, September 4-5-6-7.

SOCIETY MEETINGS

POLK-YAMHILL-MARION MEDICAL SOCIETY

Polk-Yamhill-Marion Medical Society met in Salem, May 14. Donald R. Laird, proctologist of Portland, addressed the meeting on "Rectal Cancer, Fistula, Fissure, Pain and Anal Pruritus." Discussion was offered by Drs. Meyers, Lebold and Coffey of Salem.

YAMHILL COUNTY MEDICAL SOCIETY

Yamhill County Medical Society met June 4 at McMinnville. Ladies were invited, and two of the older members of the Society were honored, J. H. Cook and M. E. Reitzel.

Plaintiff's Exhibit 680

5383 Oregon State Medical Society

PROCEEDINGS OF THE COUNCIL

March 1, 1941

The regular monthly meeting of the Council of the Oregon State Medical Society was held at the Mallory Hotel on Saturday, March 1st, at 6:30 P.M.

The following members of the Council were present: Karl H. Martzloff, Charles E. Hunt, W. W. Baum, George E. Henton, G. C. Bellinger, Morris L. Bridgeman, J. E. Buckley, H. Garnjobst, John D. Rankin, C. W. McCain, and L. S. Kent.

Richard B. Adams, Charles P. Wilson, H. L. Blosser, E. R. Huckleberry, Frederick D. Stricker, John J. Coughlin legal counsel, the executive secretary and the assistant to the executive secretary were also present.

The meeting was called to order by President Karl H. Martzloff.

Upon motion duly made and seconded, it was voted to dispense with the reading of the minutes of February 1st and to adopt them in the form in which they had been previously mailed to the members.

• • • • •

A letter from the Coos and Curry County Medical Society was read. The letter conveyed the request of that society that the proper committee of the Oregon State Medical Society approach the State Industrial Accident Commission in an endeavor to eliminate the difficulty experienced by members of that society in getting "Report of Accident" forms completed by the employer and employee. Upon motion duly made and seconded, it was voted that this matter be referred to the Committee on State Industrial Affairs.

A letter from Oregon State College, addressed to Dr. Martzloff, inviting him to serve on a State Nutrition Committee for National Defense, was read. Dr. Martzloff's letter of reply, in which he suggested the appointment of a physician especially qualified in the field of nutrition, was also read. Upon motion duly made and seconded, it was voted that the President be authorized to appoint a representative of the Society to the proposed State Nutrition Committee for National Defense.

• • • • •

5384 . . . . .

A letter from the Coos and Curry County Medical Society was read. The letter called attention to the action of that society in approving the Mast Hospital Association of Myrtle Point and the Coquille Medical Service Bureau of Coquille as agencies to administer plans to provide prepaid medical care to low-wage industrial groups in Coos County. The letter contained a request that the Council approve these organizations. Upon motion duly made and seconded, it was voted that the Mast Hospital Association of Myrtle Point and the Coquille Medical Service Bureau of Coquille be approved as agencies to administer plans to provide prepaid medical care to low-wage industrial groups in their respective communities in Coos County. The Council took this action with the understanding that each of these organizations, as well as the Coos Bay Hospital Association which the Council had heretofore approved, will limit its activities to a definite geographical area and the further understanding that any subscriber of any of the three organizations may receive service from any of the member-physicians of any of the organizations.

. . . . . .

Plaintiff's Exhibit 681

5426 Minutes

June 7, 1941

The regular monthly meeting of the Council of the Oregon State Medical Society was held at the Mallory Hotel on Saturday, June 7th, at 6:30 P. M.

The following members of the Council were present: Karl H. Martzloff, Charles E. Hunt, W. W. Baum, George E. Henton, G. C. Bellinger, Morris L. Bridgeman, J. E. Buckley, Earl M. Anderson, H. Garnjobst, R. W. Hemingway, and L. S. Kent.

Richard B. Adams, L. Howard Smith, John R. Montague, Harold M. Erickson, the executive secretary, and the assistant to the executive secretary were also present.

Upon motion duly made and seconded, it was voted to dispense with the reading of the minutes of May 3rd and to adopt them in the form in which they had been previously mailed to the members.

. . . . . .

5427 • • • • •

Dr. Hemingway reported concerning the Central Oregon Health Association, a corporation of "standard borrowers" of the Farm Security Administration organized by the Administration to administer their own plan of prepaid medical care. He stated the Central Ore-
5428 gon Medical Society had not been asked to consider the organization of this corporation and that a poll of the members indicated that all but three of the members were opposed to the plan. He stated that one member in Redmond and one member in Prineville, acting individually, had served as a physicians' committee in connection with the development of the plan and would probably cooperate in its operation.

Dr. Henton reported on the recent visit to the Coos and Curry County Medical Society of a number of the officers.

Dr. Henton also reported on his visit to the Southern Oregon Medical Society at Klamath Falls.

• • • • •

Upon motion duly made and seconded, it was voted that Governor Sprague be requested to appoint W. W. Baum to the Advisory Council to the Oregon State Defense Council because of his knowledge of industrial medical service, this action not to become effective until the Executive Committee deems it desirable.

• • • • •

.....

Secretary

(According to this exhibit, Mr. Kent was Chairman of the Committee on Maternal Welfare and Dr. Montague was chairman of the Committee on Narcotic Drugs and of the Committee on the Teachers' Examination Law.)

Plaintiff's Exhibit 682

5385 Oregon State Medical Society

Regular Monthly Meeting of the Council

November 8, 1941

The regular monthly meeting of the Council of the Oregon State Medical Society was held at the home of Henry Garnjobst, Councilor for the Third District, 508 Jefferson Street in Corvallis, on Saturday, November 8th at 6:30 P.M.

The following members of the Council were present: W. W. Baum, George E. Henton, Thompson Coberth, Raymond M. McKeown, John R. Montague, Earl M. Anderson, E. H. McLean, L. M. Spalding, Henry Garnjobst, E. R. Durno, C. W. McCain, and L. S. Kent.

Charles P. Wilson, Editor of the Oregon section of "Northwest Medicine", the executive secretary, and the assistant to the executive secretary were also present.

Several members of the Benton County Medical Society, the Linn County Medical Society, and the Lincoln County Medical Society were also present.

The meeting was called to order by President W. W. Baum.

On motion duly made and seconded, it was voted to dispense with the reading of the minutes of October 4th and to adopt them in the form in which they had been previously mailed to the members.

A summary of the actions taken by the Council and the Bureau of Medical Economics at their October meetings was read.

* * * * *

5386 Oregon State Medical Society

Medical-Dental Building
Portland, Oregon

REPORT OF COMMITTEE ON THE PROVISION OF MEDICAL CARE TO EMPLOYEE GROUPS IN DISTRICTS NOT NOW SERVED BY ANY APPROVED MEDICAL SERVICE BUREAU

November 1, 1941

(Adopted by the Council on November 8, 1941)

The Society's program to provide medical care on a prepayment basis to low-income employee groups through approved medical service bureaus has progressed very satisfactorily during the past two years. Approximately fifty thousand employees are now being served by the approved medical service bureaus.

Nevertheless, there are a number of districts in the state not now served by any of the existing bureaus in which there are numerous sizeable groups of employees engaged in industrial occupations. In such districts, the local medical profession has no plan to offer these employee groups. Therefore, they are left without the benefits of any prepayment plan or, of necessity, they become

subscribers to various prepayment plans which are not approved by the medical profession.

This problem confronts the medical profession in certain districts of eastern Oregon in a very acute form. The Bureau of Medical Economics is being pressed with increased intensity to provide some solution to this problem. Under our present plan of organization, the Bureau of Medical Economics is unable to meet this problem directly by representing the medical profession in these districts as a contracting agency to provide medical care to employee groups.

There are three possible ways in which this problem can be met:

1. To organize the physicians in each local community on a partnership basis to enter into contracts to provide medical care.

2. To authorize one or more of the existing approved medical service bureaus to serve the districts where the problem exists.

3. To place the Bureau of Medical Economics in a position to serve these districts by authorizing the organization of a corporation with legal authority to enter into contracts to provide medical care.

After careful study, the committee has concluded that the third solution is the most practicable. Therefore, the committee recommends:

1. That the Council hereby nominates the following members of the Oregon State Medical Society, not more than one of whom shall be from any one county, to act as incorporators of a corporation hereinafter described:

.....

.....

.....

.....

.....

.....

.....

.....

.....

2. That said incorporators are hereby authorized to form a corporation under the Oregon laws with authority to enter into contracts to provide medical, hospital and related services and supplies, and with such further powers as to permit it to engage in a hospital association business.

3. That, at the outset, the incorporators become the sole stockholders of the corporation, holding their stock under a trust agreement and other restrictions set forth below, and become the directors or trustees of the corporation.

4. That the Articles of Incorporation and By-laws be so drafted as to prevent the stock of the corporation from being transferred or otherwise acquired by persons or agencies inimical to the interest of ethical practitioners.

5. That the stock of the corporation be issued to the incorporators for the use and benefit of the Oregon State Medical Society.

6. That the society advance $6,000.00 from its General Fund to the corporation; that $5,000.00 of that sum be placed with the Insurance Commissioner of the State of Oregon to qualify the corporation under the hospital association laws; that the remaining $1,000.00 be utilized for organization, preliminary and administrative expenses.

7. That the existing machinery of the Bureau of Medical Economics be retained.

5387 Respectfully submitted,

George E. Henton, Chairman

F. K. Power

Thompson Coberth

C. J. Bartlett

E. R. Durno

L. M. Spalding

Dean P. Crowell

5388

President Baum presented the following report of the Committee on the Provisions of Medical Care to Employee Groups in Districts Not Now Served by Any Approved Medical Service Bureau, which the Bureau of Medical Economics had approved and recommended to the Council for adoption.

(copy report of Committee on the Provision of Medical Care to Employee Groups in Districts not now served by any Approved Medical Service Bureau)

Upon motion duly made and seconded, it was voted that this recommendation of the Bureau of Medical Economics be adopted.

The following members of the Society were unanimously nominated to act as incorporators of the corporation referred to in the report of the Committee on the Provision of Medical Care to Employee Groups in Districts Not Now Served by Any Approved Medical Service Bureau:

W. W. Baum, of Salem
R. W. Stearns of Klamath Falls
R. R. Belknap of Ontario
Earl M. Anderson of Portland
Henry Garnjobst of Corvallis
Harry E. Mackey of Bend
L. M. Spalding of Astoria
Thompson Coberth of The Dalles
E. R. Durno of Medford
J. D. Rankin of Coquille
Joseph P. Brennan of Pendleton

President Baum outlined a proposed plan of prepaid medical care for standard "borrowers" of the Farm Security Administration which a commitee of the Bureau of Medical Economics had discussed with representatives of the Farm Security Administration.

Upon motion duly made and seconded, it was voted that this plan be approved and the Committee authorized to modify it in such details as in its judgment were found necessary in further negotiations with representatives of the Farm Security Administration.

President Baum called for the report of the Executive Committee. The Executive Committee reported the following actions of the Committee:

1. Voted to suggest that the next meeting of the Pacific States Medical Executives Conference be held on February 8th.

Upon motion duly made and seconded, it was voted that this action be approved, with the understanding that the Executive Committee be authorized to change the date if it deemed such action desirable.

* * * * *

5389 * * * * *

4. Voted to nominate Charles E. Sears and Stanley Lamb of Portland and W. W. Baum of Salem to serve on the Board of Trustees of the corporation now being organized by the Portland Council of Hospitals to administer a prepayment plan of hospital service, subject to the amendment of the Articles of Incorporation to provide specifically that the corporation shall not contract to furnish medical or surgical services, and to the amendment of the By-Laws to provide that the Oregon State Medical Society shall nominate the exact number of Trustees to be elected to represent the medical profession and shall nominate any successors to be elected to fill subsequent vacancies among the Trustees representing the medical profession, and subject to such other amendments to the Articles of Incorporation and By-Laws as deemed advisable by the Society's legal counsel.

Upon motion duly made and seconded, it was voted that this action be approved.

The following report of the Advisory Committee to the Woman's Auxiliary was read:

(Copy report).

Upon motion duly made and seconded, it was voted that this report and the recommendations contained therein be adopted.

President Baum announced that three members of the Council were to be elected to the Executive Committee of the Bureau of Medical Economics. Dr. H. McLain, Dr. Garnjobst, and Dr. McCain were unanimously elected.

Dr. Montague called attention to the Annual Conference of the Secretaries of Constituent State Medical Associations to be held in Chicago on November 14-15 and solicited suggestions concerning any matters he should present to the Conference.

Dr. Montague presented the following Statement of Policy Concerning Medical Service in the Armed Forces of the United States prepared by Dr. Baum presentation at the Conference:

(copy here)

Plaintiff's Exhibit 683

5390 Oregon State Medical Society

PROCEEDINGS OF THE COUNCIL

February 7, 1942

The regular monthly meeting of the Council of the Oregon State Medical Society was held at the Mallory Hotel on Saturday, February 7th, at 6:30 P. M.

The following members of the Council were present: W. W. Baum, George E. Henton, Thompson Coberth, Raymond M. McKeown, J. E. Buckley, Ralph A. Fenton, John Fitzgibbon, Earl M. Anderson, Charles E. Sears, L. M. Spalding, H. Garnjobst, C. W. McCain, and L. S. Kent.

Charles P. Wilson, Editor of the Oregon Section of "Northwest Medicine", E. E. Gambee, Stanley Lamb, Frederick D. Stricker, Willard C. Marshall, the executive secretary, and the assistant to the executive secretary were also present.

The minutes of January 10th were read and approved.

Bills for January were read and approved.

There was discussion concerning the resumption of the plan of mailing a mimeographed copy of the minutes to each member of the Council. Upon motion duly made and seconded, it was voted that the plan of mailing mimeographed copies of the minutes to each member of the Council be resumed.

There was discussion concerning the contributions of approved medical service bureaus toward the support of the Bureau of Medical Economics during 1942. Upon motion duly made and seconded, it was voted to approve a schedule of contributions by approved medical service bureaus toward the support of the Bureau of Medical Economics during 1942, based upon a small percentage of gross income during 1941 according to the following sliding scale:

⅜ of 1 per cent on the first $100,000
¼ of 1 per cent on the next $150,000
⅛ of 1 per cent on all thereafter

There was discussion concerning two proposed agreements under which the Oregon Physicians' Service would provide medical care on a prepayment basis to "Standard" borrowers of the Farm Security Administration in Malheur County. Upon motion duly made and seconded, it was voted to approve, subject to the approval of the Malheur County Medical Society, a proposed agreement between the Oregon Physicians' Service and the Farm Security Administration and a proposed agreement between Oregon Physicians' Service and a group of "standard" borrowers of the Administration in Malheur County under which the Oregon Physicians' Service would provide medical care to these borrowers and their families on a prepayment basis.

President Baum presented a proposed new fee schedule of the Agricultural Workers Health Association. Upon motion duly made and seconded, it was voted that the proposed new fee schedule of the Agricultural Workers Health Association be laid on the table until the Bureau of Medical Economics obtains new fee schedules now being prepared by the Multnomah Medical Service Bureau and other approved bureaus.

There was discussion concerning the need of keeping the members of the Society informed concerning increases in the items of professional and household expense. It was suggested that a letter be addressed to Olin
5391 West, Secretary of the American Medical Association to ascertain if the Bureau of Medical Economics of the Association might supply this information.

President Baum called attention to the Conference on Medical Service Plans in Chicago on February 14th. Dr. Baum stated the assistant to the executive secretary was planning to make a vacation trip to the Middle West and that he had offered to attend this conference and to confer with officials of the California Physicians' Service on the return trip, provided he was reimbursed for the additional travel expense involved which was estimated at $100.00. Upon motion duly made and seconded, it was voted that the assistant to the executive secretary be reimbursed for the additional travel expense, in the estimated amount of $100.00. to enable him to attend the Conference on Medical Service Plans and to confer with officials of the California Physicians' Service.

President Baum reported concerning the meeting of the stockholders of the Oregon Physicians' Service on Janu-

ary 11th, and the election of the Board of Directors, officers and Executive Committee.

Dr. Garnjobst reported concerning a complaint made by the Linn County Medical Society regarding a contract of the Eugene Clinic and Hospital to provide medical service to the employees of a logging company located at Sweet Home, in violation of the Recommended Policies and Procedures of the Bureau of Medical Economics. Upon motion duly made and seconded, it was voted to authorize Dr. Garnjobst to call meetings of all the interested persons in an endeavor to adjust the disagreement between the Linn County Medical Society and the Eugene Clinic and Hospital.

• • • • •

President Baum referred to a letter he had received from Karl H. Martzloff, Chairman of the Committee on Postgraduate Education concerning the annual assessment of $50.00 of state medical societies participating in the activities of the Associated Postgraduate Committees. In this letter, Dr. Martzloff expressed the opinion that the prorating of the expense of the activities of the Associated Committees among the various participating state medical societies would receive a more favorable response than a lump-sum assessment. Upon motion duly made and seconded, it was voted not to participate in the annual assessment of state medical societies participating in the activities of the Associated Postgraduate Committees.

President Baum reported that, in the letter Dr. Martzloff had also called attention to the recent action of the Board of Trustees of the Washington State Medical Association in disapproving the formal plan of organization adopted by the Pacific States Medical Executives Conference at its meeting on December 8, 1940, and approving an annual informal conference of the executives of the medical

• • • • •

Plaintiff's Exhibit 684

5392 Oregon State Medical Society

Medical-Dental Building
Portland, Oregon

May 5, 1942

Dr. L. M. Spalding, Secretary
Oregon Physicians' Service
Astoria, Oregon

Dear Dr. Spalding:

This letter is to inform you that the Council, at its meeting on May 2, 1942, voted to approve an amendment to the by-laws of the Oregon Physicians' Service to provide that a physician may hold more than one share of Class AA stock.

The Council approved such an amendment with the understanding that the purpose of the amendment is temporary; namely, to facilitate the purchase of the assets of existing approved medical service bureaus whose physician-stockholders desire to dissolve their bureau and become Class AA stockholders of the Oregon Physicians' Service.

Very sincerely yours,

OREGON STATE MEDICAL SOCIETY

By (Signed) JOHN R. MONTAGUE
Secretary

JRM d

Plaintiff's Exhibit 685

5393 Oregon State Medical Society

PROCEEDINGS OF THE COUNCIL

October, 1942

The regular monthly meeting of the Council of the Oregon State Medical Society was held at the Mallory Hotel on Saturday, October 3rd, at 6:30 P.M.

The following members of the Council were present: George E. Henton, Thompson Coberth, E. H. McLean, Thomas D. Robertson, Charles E. Sears, Stanley Lamb,

John Besson, L. M. Spalding, R. W. Hemingway, C. W. McCain, and L. S. Kent.

Wilson Johnston, State Advisory Chairman to the Procurement and Assignment Service for Physicians; J. M. Odell, Superintendent of the Eastern Oregon Tuberculosis Hospital; Harold M. Erickson, Assistant State Health Officer; Elizabeth Bishop, Baker County Health Officers; and the executive secretary were also present.

The meeting was called to order by President George E. Henton.

Upon motion duly made and seconded, it was voted to dispense with the reading of the minutes of September 13th, and to adopt them in the form in which they had been supplied to the members.

Bills for September were read and approved.

A letter from the Jackson County Medical Society to the Oregon Physicians' Service, stating that that Society had voted unanimously to accept the transfer of the activities of the Southern Oregon Medical Service Association, approved local medical service bureau, to the Oregon Physicians' Service, was read.

A letter from the Industrial Affairs Committee of the Clatsop County Medical Society, stating that that Society had officially invited the Oregon Physicians' Service to offer its plan of prepaid medical care in Clatsop County, was read.

* * * * *

President Henton reported that he had received a letter from Governor Charles A. Sprague, under date of September 18th, asking whether the appointment of E. H. McLean of Oregon City as a member pro-tem of the Oregon State Board of Medical Examiners to serve until the return of Frank E. Fowler

5394

* * * * *

President Henton called attention to the authorization given him to appoint a committee to study and submit recommendations concerning the desirability of increasing the compensation of the executive secretary and to his appointment of a committee consisting of Dr. Robertson and Dr. Buckley. He stated that the committee had given careful consideration to this matter and had concluded to recommend that, because of the greatly increased responsibilities of the executive secretary arising from various new activities relating to the war effort and especially in the operation of the Oregon Physicians' Service, his compen-

sation be increased $150.00 per month, as of July 1, 1942. Upon motion duly made and seconded, it was voted that this recommendation be adopted.

President Henton discussed the extensive use of the Society's personnel and equipment by the Oregon Physicians' Service in connection with its organization and operation. He expressed the opinion that some equitable arrangement should be made with the Oregon Physicians' Service to pay the Society for this use of personnel and equipment. Upon motion duly made and seconded, it was voted that the Oregon Physicians' Service be asked to cooperate in developing a suitable plan to compensate the Society for the use of its personnel and equipment.

President Henton outlined the progress that had been made toward establishing a basis of cooperation between the Multnomah Medical Service Bureau and the Northwest Hospital Service Plan. He stated that this development was important from a state-wide point of view because it was likely that any plan of cooperation worked out in Multnomah County would form the basis for coordinating the activities of the other approved medical service bureaus and the Hospital Plan in other parts of the State.

• • • • • •

THOMAS D. ROBERTSON
Secretary

Plaintiff's Exhibit 686

5395 Oregon State Medical Society

PROCEEDINGS OF THE COUNCIL

January 9, 1943

The regular monthly meeting of the Council of the Oregon State Medical Society was held at the Mallory Hotel on Saturday, January 9th, at 6:30 P.M.

The following members of the Council were present: George E. Henton, Thompson Coberth, E. H. McLean, John R. Montague, Thomas D. Robertson, J. E. Buckley, Ralph A. Fenton, John Besson, Stanley Lamb, Charles E. Sears, L. M. Spalding, Henry Garnjobst, B. R. Shoemaker, R. W. Hemingway, and L. S. Kent.

Rachel Carleton Sparks, editor of the Oregon Section of "Northwest Medicine"; Richard B. Adams and Karl H. Martzloff, members of the Commitee on Public Policy;

Frederick D. Stricker, State Health Officer; and the executive secretary were also present.

The meeting was called to order by President George E. Henton.

Upon motion duly made and seconded, it was voted to dispense with the reading of the minutes of December 5th and to adopt them in the form in which they had been supplied to the members.

Bills for December were read and approved.

A letter from C. M. Peterson, Secretary of the Council on Industrial Health of the American Medical Association, inviting official representatives of the Society to attend the 5th Annual Congress on Industrial Health to be held at Chicago on January 11-12-13, was read. It was concluded that it would be impractical to send represen itives to the Congress.

A letter from the National Conference on Medical Service, announcing that the 17th meeting of the Conference would be held at Chicago on February 14th, was read.

A letter from the Yamhill County Medical Society, stating that it had gone on record as approving the work of the Oregon Physicians' Service, was read.

A letter from the Marion-Polk Medical Society, stating that it had unanimously voted to ask the Oregon Physicians' Service to write medical service contracts in the two counties within its jurisdiction, was read.

A copy of a letter from the Josephine County Medical Society to the Oregon Physicians' Service was read. In the letter, it was stated that that Society had unanimously voted to invite the Oregon Physicians' Service to represent it in the state-wide program of prepaid medical service.

5396 A letter from the Josephine County Medical Society, requesting assistance in combatting a movement to open the Josephine County General Hospital to cult practitioners, was read. Upon motion duly made and seconded, it was voted to offer the Josephine County Medical Society every assistance necessary to defeat the movement to open the Josephine County General Hospital to cult practitioners. It was informally agreed that Dr. Shoemaker, Councilor for the 4th District, and Dr. Garnjobst, Councilor for the 3rd District, would arrange to meet with the Josephine County Medical Society to personally deliver the Council's message of support and to obtain detailed information regarding the problems confronting

that Society in connection with the activities of cult practitioners.

* * * * *

President Henton announced that a member of the Board of Trustees of the Northwest Hospital Service Plan representing the medical profession was to be nominated for the three-year term ending in 1946. Upon motion duly made and seconded, it was voted that Charles E. Sears be nominated to succeed himself as a member of the Board of Trustees of the Northwest Hospital Service Plan for the three-year term ending in 1946.

* * * * *

5398 * * * * *

THOMAS D. ROBERTSON
Secretary

Plaintiff's Exhibit 687

5399 COOS AND CURRY COUNTY
MEDICAL SOCIETY

REGULAR MEETING

August 4, 1943

The regular August meeting of the society was held in the Grill Room of the Coquille Hotel with Dr. John Rankin as host. An excellent dinner was served. The meeting was then called to order by the president, Dr. Bernard Barkwill.

The minutes of the previous meeting were read and approved.

An election of officers for 1943 resulted in:

1. President; Dr. Melvin Johnson, North Bend
2. Vice-president; Dr. Herbert Thomas, Myrtle Point
3. Secretary-Treasurer; Dr. Donald Long, Marshfield
4. State Delegate; Dr. Bernard Barkwill, Marshfield
5. Alternate Delegate; Dr. John Rankin, Coquille

Dr. George Henton, President of the Oregon State Medical Society gave the address of the evening. He covered the following points:

1. The activities of the State council of the Oregon State Medical Society.
2. The annual convention of the State Society this September 4th and 5th.
3. The activities of the state officers of the society.
4. The recent increase in fees paid by the SIAC cases of Oregon.
   a. The discontinuance of jury trials for SIAC cases, and the development of a jury of physicians.
   b. The necessity of charging private fees for private industrial accident insurance carriers.
   c. The necessity of charging at least $3.00 for the filling in and completion of insurance, etc. blanks.
5. The low fees of the Public Welfare Agencies for Oregon. These should be raised.
6. The history, organization, operations of Oregon Physicians Service.
7. The Wagner Bill now before Congress, and the possibility of socialized medicine.
8. The development of a medical program for the Kaiser Ship Building Yards in the Portland district.
9. The present status of the Oregon Procurement and Assignment, and its selection of doctors. More doctors will be called out on or before January 1, 1944.
10. The new armed forces medical service bulletin with names, etc. re, each member form. Oregon being printed by the Oregon State Medical Society.

The talk was ably presented. Dr. Henton impressed everyone with his sincerity and honesty.

5400 After a brief general discussion the meeting was adjourned at 10:30 pm.

(Signed) RAYMOND MCKEOWN
Raymond M. McKeown, Sec.-Treas.
Coos and Curry County Medical Society

Addenda: The cheque book shows $356.08 on deposit at the First National Bank of Portland, Marsh-

field Branch. All bills are paid. All *County* dues *for 1943* from all members have been collected and deposited. All records are up and in order.

23 Aug. 1943

(Signed) R. McKeown
Raymond M. McKeown, Sec.-Treas.
Coos and Curry County Medical Society

Plaintiff's Exhibit 688

5401

NORTHWEST MEDICINE

Journal of Oregon State Medical Society,
Washington State Medical Association
and Idaho State Medical Association

Issued Monthly by
Northwest Medical Publishing Association

Office of Publication, 225 Cobb Building, Seattle, Wash.

Vol. 42, No. 10 OCTOBER, 1943 $2.00 Per year

BOARD OF TRUSTEES

K. H. Martzloff, M.D., Portland, Ore.
E. H. McLean, M.D., Oregon City, Ore.
G. C. Schauffler, M.D., Portland, Ore.

H. E. Coe, M.D., Seattle, Wash.
S. F. Herrmann, M.D., Tacoma, Wash.
R. N. Hamblen, M.D., Spokane, Wash.

J. E. Stewart, M.D., Boise, Idaho
J. T. Wood, M.D., Coeur d'Alene, Idaho
C. R. Scott, M.D., Twin Falls, Idaho

—

EDITORIAL STAFF

Clarence A. Smith, M.D., Editor-in-Chief, Seattle
Herbert L. Hartley, M.D., Assistant to Editor, Seattle

—

ASSISTANT EDITORS

T. D. Robertson, M.D., Portland, Ore.
A. J. Bowles, M.D., Seattle, Wash.
F. B. Jeppesen, M.D., Boise, Idaho

—

ASSOCIATE EDITORS

Blair Holcomb, M.D., Portland, Ore.
C. E. Hunt, M.D., Eugene, Ore.
F. J. Clancy, M.D., Seattle, Wash.
O. M. Rott, M.D., Spokane, Wash.
C. A. Robins, M.D., St. Maries, Idaho
S. M. Poindexter, M.D., Boise, Idaho

This journal goes to press the first day of the month. Material for publication should be received by the 25th of the preceding month.

—

Original articles are accepted for publication on condition that they are contributed exclusively to this journal.

—

Reprints will be furnished by the printer according to the schedule of prices which accompanies the galley proofs submitted to the author. The order for reprints should accompany the returned galley proofs. The printer holds the type until the first of the following month.

—

Illustrations will be provided by the journal to the extent of moderate cost, beyond which the contributor may provide anything he desires. Arrangements can be made by correspondence.

—

This journal is not responsible for opinions or statements made by authors in communications or papers which have been published. The author will be held entirely responsible.

EDITORIALS

PRACTICE OF MEDICINE BY HOSPITALS

During recent years hospitals have gradually entered into practice of medicine, particularly through the fields of radiology, pathology and anesthesiology. Physicians are

almost unanimously opposed to this practice which is particularly a function of the medical profession. Opposition to it has become nationwide. At the 1943 session of the American Medical Association the House of Delegates approved the following resolution:

"It is high time that the subject be taken seriously, not just for the duration of the meeting of the House but for the other 360 days of the year.

"Your Reference Committee, therefore, recommends:

"That the House emphatically reiterate that it disapproves the injecting of a third party into the personal relationship of the patient and the physician, and that hospitals should not be permitted to practice medicine.

"That the practice of radiology, pathology and anesthesiology is the practice of medicine just as much as is the practice of surgery or internal medicine, and that it is only a short step from including the first three in a medical service plan to including the whole field of medicine in such a plan.

"The medical profession must watch with care all proposed plans for medical service and endeavor to prevent the acceptance of any plan which includes medical service under the control of the hospital.

"The effectiveness of this program can be attained only if state and county medical societies use their influence on hospitals in their respective localities, and exercise control over the local members of the medical profession.

"The public must be educated on what it will mean to them in the way of inferior medical care if these dangerous trends are not curbed.

"In the relationships of the medical staff and the board of directors of a hospital there should be no intermediary. The staff should have direct access to the board.

"The board of trustees should continue their conferences with national hospital associations and should also endeavor to enlist the support of special medical organizations in education both of the profession and the public."

A conspicuous example of this form of treating the sick is exhibited by the Blue Cross. This organization, established and developed by laymen, exists for the purpose of extending hospital services to the general public. The popularity of this procedure is abundantly proven by the patronage which it has received. Under the skillful promotion of its lay readers it has grown to magnificent proportions.

Its present membership is said to number 11,750,000
5402 people, the greatest number being found in the Eastern states, with 500,000 in the Far Western states. Financial returns from this venture have mounted to enormous figures. It is stated that the revenue for 1942 was $64,126,730, an influential sum of money.

In the states where the Medical Service Bureau system has been established for the care of low wage earners by premonthly payments, the Blue Cross has encountered competition. The bureau system extends to its subscribers medical care together with hospital services. If any profit accrues, it reverts to the benefit of subscribers. This bureau system has become well established, having been operated, for example, in the State of Washington during the past twenty-five years to the satisfaction of participating physicians and subscribers. In some states the Blue Cross has proposed to the bureaus to take over the hospital feature, and in some instances such an agreement has been conducted for a short time, which has proven unsatisfactory to the medical bureau administration.

The difference between these two systems is that everything pertaining to the administration and operation of medical service bureaus is under the direct and exclusive control and direction of physicians. On the other hand, the Blue Cross, established for the purpose of extending hospital service to its subscribers, is exercising its best efforts to attach to this the practice of medicine through the hospital on the part of physicians who are willing to be subservient to lay supervision. Whether medical practice shall be conducted in any community under Blue Cross and hospitals depends entirely on the attitude of local physicians. If they approve and endorse this system of practice, they are entitled to maintain it. The moral of this exposition is that the practice of medicine is strictly a function of physicians, entirely distinct from the direction or supervision of laymen.

Plaintiff's Exhibit 689

5403 Oregon State Medical Society

PROCEEDINGS OF THE COUNCIL

November 6, 1943

The regular monthly meeting of the Council of the Oregon State Medical Society was held at the Mallory Hotel on Saturday, November 6th, at 6:30 P.M.

The following members of the Council were present: Thompson Coberth, George E. Henton, E. H. McLean, Raymond M. McKeown, Burton A. Myers, Thomas D. Robertson, John H. Fitzgibbon, Ralph A. Fenton, John Besson, Stanley Lamb, L. Howard Smith, L. M. Spalding, B. R. Shoemaker, E. D. Lamb, W. J. Weese, and L. S. Kent.

Morris L. Bridgeman, Charles E. Sears, Gordon B. Leitch, John P. Cleland, and the executive secretary were also present.

Upon motion duly made and seconded, it was voted to dispense with the reading of the minutes of October 2nd and October 23rd and to approve them in the form in which they had been supplied to the members.

Bills for October were read and approved.

A letter from the Benton County Medical Society was read. In the letter it was stated that the Benton County Medical Society had voted to petition the Oregon Physicians' Service to write contracts for medical service for employee groups in Benton County.

A letter from the Umatilla County Medical Society to the Oregon Physicians' Service was read. In the letter it was stated that the Umatilla County Medical Society had voted to approve the writing of contracts by the Oregon Physicians' Service for employee groups in Umatilla County.

A letter from the Union County Medical Society to the Oregon Physicians' Service was read. In the letter, the Oregon Physicans' Service was invited to write contracts for medical service for employee groups in Union County.

A copy of a letter from the Council on Medical Service and Public Relations of the American Medical Association and a statement of general policies of this Council were read. Upon motion duly made and seconded, it was voted that these communications be referred to the Committee on Public Policy.

* * * * *

5404 President Coberth called for the report of the Executive Committee. The following report of the Committee was presented:

> The Executive Committee has carefully considered the report submitted by the special committee appointed to study and make recommendations concerning the relationship of members to commercial hospital asso-

ciations, railroad contract practice, and other related subjects, and has taken the following actions:

1. Adopted the recommendation that the Oregon Physicians' Service adopt a single, uniform, state-wide fee schedule.

Upon motion duly made and seconded, it was voted that this action be approved.

2. Disapproved the recommendations that:

(a) Subscribers of the Oregon Physicians' Service be permitted to consult physicians engaged in the practice of the following specialties only on reference by physicians on the general panel:

Allergy
Anesthesiology
Clinical Pathology
Dermatology
Gynecology
Neurology
Neurological Surgery
Ophthalmology
Orthopedic Surgery
Otology, Laryngology, and Rhinology
Plastic Surgery
Proctology
Psychiatry
Radiology
Tuberculosis
Urology

(b) Subscribers be permitted to consult clinics only on reference by physicians on the general panel.

(c) All other physicians, including those engaged in the practice of internal medicine and general surgery be listed in one general panel without any special individual designation.

Upon motion duly made and seconded, it was voted that this action be appoved.

3. Voted that the Oregon Physicians' Service leave the listing of cooperating physicians as it now is; namely, to list all physicians, except those engaged in the practice of allergy, clinical pathol-

ogy, dermatology, ophthalmology, otolaryngology, and radiology in one general panel without any special individual designation.

Upon motion duly made and seconded, it was voted that this action be not approved and that all cooperating physicians of the Oregon Physicians' Service be listed in one general panel, except that cooperating physicians who desire to limit their practices to a particular specialty be designated by an asterik and that subscribers be permitted to consult such physicians only on reference by another cooperating physician or the medical advisor.

5405 4. Voted, as an alternative means of obtaining improved supervision over the medical service furnished through the Oregon Physicians' Service in Multnomah County, to request the Council of the Multnomah County Medical Society to appoint a committee of three to review statements of services rendered by cooperating physicians from the standpoint of the extent and nature of the service rendered, in an attempt to eliminate, so far as possible, services unnecessary to the proper care of the subscriber and, to recommend to the Oregon Physicians' Service the removal from the list of cooperating physicians such physicians, as in the judgment of the committee, refuse to cooperate in eliminating unnecessary service.

Upon motion duly made and seconded, it was voted that this action be approved.

5. Adopted the recommendation that, in order to obtain improved supervision over the medical service, the Oregon Physicians' Service employ a part-time medical advisor.

Upon motion duly made and seconded, it was voted that this action be approved.

6. Adopted the recommendation that:

(a) In order to give the local medical societies wider participation in the deliberations of the Board of Trustees and the Board of Directors, the Oregon Physicians' Service establish an Advisory Committee, to consist of one member from each local medical society, except for local soci-

eties which have a member on the Board of Trustees.

(b) The members of this Advisory Committee be invited to attend all meetings of the Board of Trustees and notified of all meetings of the Board of Directors, so that they may be enabled at any time to discuss with the Board their particular local problems.

(c) The members of this Advisory Committee be allowed the same compensation for attending meetings as is now allowed members of the Board of Trustees and the Board of Directors; i.e., 20 cents per mile—one way—from the city of residence to the place of meeting, together with $10.00 for attendance at each meeting.

(d) This Advisory Committee plan to be considered as a temporary measure pending possible changes in the organization structure of the governing bodies to provide a broader, state-wide representation.

Upon motion duly made and seconded, it was voted that this action be approved.

5406 Dr. Besson, chairman of the special committee appointed to study and make recommendations concerning the relationship of members to commercial hospital associations, railroad contract practice, and other related subjects, reported that the committee had interviewed a number of physicians and others concerning with railroad contract practice. He stated that the possibility of providing medical service for non-occupational diseases and illness through the Oregon Physicians' Service appeared most promising in connection with the employees of the Spokane, Portland and Seattle Railway Company. Upon motion duly made and seconded, it was voted to request the Oregon Physicians' Service, in cooperation with the committee, to communicate with the Spokane, Portland and Seattle Railway Company with a view to entering into a contract to provide medical service to its employees for non-occupational injuries and illness, and to inform the Company that it is the Society's desire that such a contract be consummated.

Dr. Besson stated that the committee had given some consideration to the problems arising from the relations of

the Oregon Physicians' Service and the Northwest Hospital Service Plan, but that the committee desired to have further opportunity to consider these problems before submitting recommendations. Upon motion duly made and seconded, it was voted that the committee continue its study of the problems arising from the Oregon Physicians' Service and the Northwest Hospital Service Plan and that the committee be authorized to meet with the Board of Trustees of the Northwest Hospital Service Plan, with a view to adjusting existing difficulties.

Dr. Besson reported that the committee was of the opinion that no special advantage would accrue at the present time by expanding the Service Bulletin to disseminate information concerning Society policies and activities and that the committee favored personal contact, rather than printed matter, as a means of informing the medical profession on these questions. Upon motion duly made and seconded, it was voted that the Service Bulletin be not expanded at the present time as a medium for the dissemination of information concerning Society policies and activities.

* * * * * *

5408 THOMAS D. ROBERTSON
Secretary

Plaintiff's Exhibit 690

5409 Oregon State Medical Society

PROCEEDINGS OF THE COUNCIL

December 4, 1943

The regular monthly meeting of the Council of the Oregon State Medical Society was held at the Mallory Hotel on Saturday, December 4th, at 6:30 P.M.

The following members of the Council were present: Thompson Coberth, George E. Henton, E. H. McLean, Raymond M. McKeown, Burton A. Myers, Thomas D. Robertson, R. Lloyd Tegart, John H. Fitzgibbon, John Besson, Stanley Lamb, L. Howard Smith, L. M. Spalding, Henry Garnjobst, B. R. Shoemaker, C. W. McCain, and L. S. Kent.

Morris L. Bridgeman, Richard B. Adams, Gordon B. Leitch, Karl H. Martzloff, Leon A. Goldsmith, Frederick D. Stricker, and the executive secretary were also present.

Upon motion duly made and seconded, it was voted to dispense with the reading of the minutes of November 6th

and to approve them in the form in which they had been supplied to the members.

• • • • •

5410 President Coberth reported that Rachel Carleton Sparks, editor of the Oregon Section of "Northwest Medicine," was ill and unable to continue this activity.

Upon motion duly made and seconded, it was voted that Mrs. G. B. McLean act as editor of the Oregon Section of "Northwest Medicine," with the prevailing honorarium of $35.00 per month.

Dr. Besson, chairman of the special committee appointed to study and submit recommendations concerning railroad contract practice and the relations between the Oregon Physicians' Service and the Northwest Hospital Service Plan, reported that the Oregon Physicians' Service had submitted a plan to the Spokane, Portland and Seattle Railway Company to provide medical service to its employees for non-occupational injuries and illness.

Dr. Besson further reported that E. B. MacNaughton, President of the Board of Trustees of the Northwest Hospital Service Plan, and M. F. Bradley, Director of the Plan, had appeared on the program of the Multnomah County Medical Society on December 1st, and that the discussion at this meeting had done much to clear up current misunderstandings. He stated that the committee had arranged a meeting with representatives of the Northwest Hospital Service Plan to be held on December 9th.

• • • • •

5411 Dr. Robertson presented a report of the Annual Conference of Secretaries of Constituent State Medical Associations held at Chicago on November 19th and 20th.

Dr. Fitzgibbon, member of the Council on Medical Service and Public Relations, of the American Medical Association, reported on the recent meeting of the Council. He stated that the Council was planning to analyze existing medical service plans sponsored by medical societies and company-operated plans, with a view to making available information that would point out their good features and assist in correcting their defects.

Upon motion duly made and seconded, it was voted to recommend to the Oregon Physicians' Service that it inform the Council on Public Relations and Medical Service of the American Medical Association that it is free to analyze the operation of the Oregon Physicians' Service.

Dr. Adams, Chairman of the Committee on Public Policy, reported that a letter had been received from the California Medical Association, asking the Society to participate in a conference of representatives of the eleven Western state medical associations concerning federal legislation affecting the practice of medicine, to be held at Salt Lake City on December 11th. Upon motion duly made and seconded, it was voted to participate in the conference of representatives of the eleven Western state medical associations and to designate Dr. Kent as the Society's representative.

There being no further business, the meeting was adjourned.

THOMAS D. ROBERTSON
Secretary

Plaintiff's Exhibit 691

5413

* * * * *

RAILROAD CONTRACT AND DOCTOR SURVEYS INDICATE NEED FOR IMMEDIATE REFORM

Railroad contract practice, which has long been a barb in the flesh to the medical profession and about which doctors heretofore seemed unwilling to do anything, has recently again been brought to light for what it is, an unfair imposition upon the profession which should be terminated forthwith. This conclusion is deduced from recent studies and surveys made of various railroad practices and policies, reinforced by recent activities of railroads in their efforts to hire doctors to replace those gone into the armed services or who have otherwise severed the connections.

The conclusion is not strange. For years many members of the profession have suspected or known the unfairness of many of the requirements of these contracts demanded or desired by the railways, but have successfully resisted the bait of "free for nothing" railway passes, the implied or open promise to "steer" employee families and other inducements usually held out to the unwary. Loud and vociferous have been the occasional wails sent up by some members of the profession, while others cautioned their colleagues this form of medical practice is a most pernicious threat against the continued welfare of the profession. Unfortunately the wailing was all too often dismissed as the disappointed howls of some who might wish they were in

instead of out, while the wise counsels too frequently fall upon deaf ears. Meanwhile those physicians dispensing the railroad brand of medical care remained acceptable in the ethical fold of medicine, while those doctors employed by commercial hospital associations were placed beyond the pale. The findings of the report confirm the suspicion that the distinction is too fine to contain merit.

With the right of any railroad to have competent medical advice, guidance and supervision in maintaining and operating safety requirements and standards the medical profession should properly have no quarrel. But at exactly this point the legitimate interest of railways with medical affairs ceases. Anything beyond this point becomes the valid concern of the medical profession, protestations to the contrary by the railroads notwithstanding. Oddly enough, the two phases are not antagonistic but complementary, and the harmonious working together of the railroads and medical profession at large, as distinct from railroad medical hirelings, need not necessarily be incompatible. Certainly the time is at hand when the field of so-called railroad medical practice must be reexamined in the light of modern developments.

Considering first the legitimate need of the railroad for medical services to check such things as color-blindness, vision, heart and other health conditions, which are linked with the safe operation of all railways, it may be granted for argument's sake each railway should have the privilege of hiring the services of a physician competent to discharge the duties of safety placed upon him. But the doctor so selected should clearly understand that is exactly what it is, a hiring of just another employee, and in due time the firing, as far as the railways are concerned, for it is at this point the usual bait is dangled and past experience shows the exploitation of doctors begins. Like all other businesses under the lash of economic necessity or desirability, the railroad corporation must get its services as cheaply as is reasonably possible, and since most doctors of unquestioned competence are not usually attracted for various reasons, including the financial, medical competence has not always been the deciding factor when the showdown comes.

The question of what would be fair compensation to a doctor discharging the medical problems dealing with safety in operation of railroads is difficult to determine for the reason that in practice these duties are linked or involved with enough other medical matters that they are frequently incapable of separate scrutiny. However, analy-

sis shows doctors are performing a great deal more safety work for railroads than they are being paid for. This may prove surprising to some gullible railroad doctors, but it is no surprise to the railroads, which constitutes the first major exploitation of doctors by the carriers.

Proceeding from medical safety requirements to the railroads' industrial accidents and employee health, it requires little perception to discern that in this phase of so-called railroad practice the doctor again holds the long end on services rendered and the short end on remuneration received. This is accomplished in one or a combination of two ways; either the doctor delivers a great deal of service for a relatively low salary, or he performs his duties for an inadequately low fee schedule of his employer's making. If the wages paid by the railroad is nominal (some are admittedly subnormal), the railroad usually hastens to point out that it also defrays in whole or in part the office rent and certain other office overhead expenses of its medical hireling. However, the total remuneration is still considerably short of being a fair return for the work done. A similar situation prevails, if payment for medical services is made on the basis of the employing railroad's fee schedule, the services and recompense being farther apart if anything. Once again this state of affairs may surprise some railroad surgeons, but it is no surprise to railroad accounting departments. Which constitutes the second major exploitation of the profession by the railroads.

What is the other side of the story? If the individual doctor is willing to work for the conditions offered by a railroad, unfair and poorly paid though they be, does he not have the right to enter this employment? If he chooses to *give* his services, his means of livlihood, would not that still be he own business, his inherent right, whether right or wrong? In full candor we admit his legal right to dispose of his services for anything he chooses, which might seem like the end of the argument except for one thing.

While legally the physician may seek railroad employment where he will, this still being a free country, there are those who hold that this legal right is balanced by a moral or ethical obligation that he must not do so if by such action he harms his fellow doctor. And such employment, cut-rate and bordering on the order of prostitution of a noble calling, directly affects every doctor without exception, including him who accepts such conditions of employment. He may not think so, if he happens to be one of the few individuals whose salary seems adequate to him, al-

though it is the exception, derived at the expense of numerous fellow practitioners, but he has started a de-
5414 scending spiral, in which he himself will eventually be engulfed. Should such an individual be called colleague, accepted into the bosom of fair-minded medicine?

In the interest of long range stability it appears the time has come for a showdown with *both* the so-called railroad physicians and the railroads. This can be accomplished in a spirit of complete fairness, and should be so conducted.

If physicians now employed by railways are engaged in a type of practice which is unfair to their colleagues, an effort must be made to enlighten them as to the economic facts and other factors involved; preferably their cooperation should be enlisted in bringing about a set of fair conditions. But if this educational effort fails, they should then be recognized for what they will have stamped themselves, selfish grasping inconsiderates gnawing at the vitals of medicine from within, and certainly no longer entitled to any further consideration on the part of regular men of medicine.

As for the railways and the relationship with the industrial accidents and nonoperating health of their employees, a revision of current procedures is equally in order. The matter of medical cooperation in maintaining railroad safety of operations has already been mentioned; the question of employee care in case of sickness or accident needs considerable clarification.

In defending the present existing form of so-called railroad medical practice, the railroads make a great virtue of the concern they hold for the health and welfare of their employees, and while the presence or absence of good health or injury does have an effect upon the ease with which railroads may operate their trains, actually this concern is of no greater amount than a similar problem is to any other industrial operations. At present they assume a form or measure of responsibility for employee health and accident care, but upon close scrutiny this is usually found to be passed on through one device or another to their employees (and the medical profession) so that in substance the claimed responsibility is more shadowy than actual. Properly, while emyloyee health may be of considerable interest to the railroads, it is actually the final responsibility of the medical profession and not the railroads, and should be so recognized. Under fair circumstances the railroads and all other industrial efforts can look to wholehearted cooperation from the

medical profession in solution of railroad and other industrial medical problems

The situation is not without its encouraging spots. Exploratory talks between officials of the Oregon Physicians' Service and some of the railroads have been held, and while it is too soon to report any progress in rectifying the abuses to which the medical profession has been subjected, at least the re-examination has been started. Indications to date are the doctors' cooperative can furnish all the medical care desired by the railways and probably do the job much better in many respects as employees would then be enabled to go to their own physicians for medical care, a procedure in which at present they are not greatly encouraged. This would also probably not be at the same cut-rate cost heretofore enjoyed by railroads and railroad employees at the expense of the medical profession. However, the increase, if any, would appear to be slight, and strictly in keeping with the amount of medical service demanded so that at all times the contract would be fair to both parties.

* * * * *

(This exhibit is part of the August 1944 issue of *Northwest Medicine.*)

Plaintiff's Exhibit 692

5416 STATE SECTIONS

Oregon State Medical Society

(Emblem)

Seventieth Annual Meeting

Portland, Sept. 2-3, 1944

ARE OREGON HOSPITALS LETTING THE DOCTORS DOWN?

Conversations have been resumed after a lapse of several months between Oregon's Blue Cross affiliate, the Northwest Hospital Service Plan, and the Oregon Physicians Service, looking toward the elimination of certain clashes of interests and other difficulties which have arisen as a result of the operations of the two concerns. Revival of conversations, long in a state of suspended animation, serves to highlight once more the annoyances, pitfalls and economic problems peculiar to Oregon which affect the

conduct in Oregon of all plans having to do with prepaid medical or hospital care. Objective of the conversations is to have the Physicians Service withdraw from the field of selling hospital coverage contracts, leaving this phase of coverage exclusively to the hospital prepayment plan. Whether this objective can be reached with complete satisfaction to all parties concerned is something to be determined.

At first glance basic conditions seem so elementary, so fundamental, there would appear to be no room for conflict and few if any difficulties. Physicians are concerned with safeguarding and restoring the health of their patients; hospitals are concerned with furnishing hospitalization. Yet differences and conflict have developed, despite the primary compatibility of physicians and hospitals. Examination of the reasons for this seeming paradox may throw some light upon the likely success of the current conversations or offer some explanation in the event of their failure.

To many doctors it appears there has been in recent times an unusual amount of effort expended on the part of certain hospitals, hospital groups and planners to subordinate physicians and surgeons to the hospitals. The effort has been denied, and where not denied has been explained or excused on the ground that the motive is worthy and doctors will be benefited in the long run. If further justification is required, it is found in the old argument that doctors, being allegedly poor business men in an economic world, will be benefited exceedingly by having the administrative talents of hospitals and hospital organizations made available to them. Stated more accurately if less blandly, this school would have doctors believe that the hospitals, being economic entities whether charitable institutions or otherwise, should have the final if not complete voice in matters affecting their economic welfare and certainly, therefore, including the doctors. The argument is plausible in the absence of clear thinking and analysis on the part of physicians who in the meantime continue to be aware of the persistent although not always obvious effort to subordinate them to the hospitals.

On the other hand, most physicians and surgeons consider hospitals in an almost diametrically opposite light. It is their contention that both physician and hospital are in an economic world and that of necessity the profession of medicine also takes on some of the attributes of a business. They are inclined to consider hospitals in final fact

as being but one instrument in the physician's armamentarium of healing devices, one among several therapeutic agencies. They readily admit hospitals are a most convenient and important adjunct or instrument, but nevertheless physicians and surgeons remain fully and constantly aware that they can and do practice medicine and surgery without the benefit of hospitals. While recognizing the usefulness of hospitals in their therapeutic plans, doctors fail to see any reason for the hospital being the dominant factor in the doctor-hospital relationship. On the contrary, they hold the conviction that hospitalization, to be of full benefit to the patient, must of necessity be definitely subordinated to the wishes and needs of the doctors. Yet this conviction does not imply that physicians and surgeons have the slightest desire to dominate or dictate to the hospitals. Doctors' organizations are frequently on record, and the Oregon State Medical Society is no exception, that they would prefer not to have anything to do with operation or management of hospitals.

Why, in the face of this expressed preference, ask the hospital groups, do officially sponsored organizations of doctors continue to engage in the business of selling hospitalization? The multifold answer boils down to one inclusive ingredient. Medical men in Oregon believe, on the basis of past and present performance by hospitals, that the best interests of the medical profession cannot be served and safeguarded by hospitals and hospital management groups. Oregon doctors do not feel, as yet, that their safeguarding of their own profession necessitates engaging in active ownership or operation of one or more hospitals within the state, but the sentiment for this is growing daily, stimulated by the successes of doctors' hospital projects elsewhere.

Specifically, Oregon doctors are aware that for many years little or no efforts were made on the part of Oregon hospitals to confine sale of hospitalization to hospital management groups. Actually, hospitalization was sold on a prepaid basis by anyone who had sufficient capital and cared to take the risk in this form of brokerage business. This transpired with the tacit if not outright approval of the various hospitals concerned, which saw in the brokers a financial buffer interposed between them and poor financial risk patients. There is little or no weight of evidence indicating hospitals objected to the

arrangements; it is a matter of record that some hospitals entered into implied or actual contracts with such brokers to their mutual profit.

When the need arose for physicians to form their own organizations to distribute prepaid medical care
5417 and to defend themselves against various and sundry attacks, the hospitals likewise offered no objections to the doctor cooperatives offering prepaid hospitalization as a part of their health plans. As far as the hospitals were concerned the doctor groups were merely late comers to the Oregon prepaid health program, and as such were accepted as introducing into the picture one more guarantor of bills incurred by hospital patients. Only when hospitals became aware there might be certain advantages in offering their own plan of prepaid hospitalization did objections to the previously accepted order of things begin to appear.

There probably can be no great criticism of the hospitals trying to recapture control of their product from medical brokers, but the mention should be made of two notable incidents amid the recapture efforts. The first was the attempt on the part of Blue Cross solicitors or agents to sell medical coverage, doctors' services, without the consent of the doctors, in Clatsop county during the period from July to September of 1942, and the second was the unfortunate "McNaughton letter" of October 19, 1942, previously published in NORTHWEST MEDICINE. While neither incident resulted in much permanent damage to doctor-hospital relations, the unfortunate fact remains that the incidents have colored the attitude of many doctors to the extent that, knowing these assaults stemmed from hospital sources unrestrained, the burden of proof as regards performance has come to reside with the hospitals.

Of considerably more concern to physicians is the unfortunate impression they have received and are continuing to receive that many hospitals are letting the worthwhile medical profession down.

In an effort to safeguard the health of the nation, and protect the public from unscrupulous or incompetent medical and hospital care, physicians and hospitals have combined to set up and maintain a high standard of procedures. Many doctors, in their efforts to maintain this high standard through self-discipline of the profession, are becoming greatly alarmed at the unwillingness or fail-

ure of several hospitals to back them up. According to the voluntarily accepted code, one essential qualification for hospital professional staff membership is eligibility for membership in the local medical society in the region in which the hospital is located. This requirement may seem unique but its provisions are most liberal. It is the *eligibility* for membership in the local medical society which counts; actual medical society membership is not required. In the face of this provision for hospital staff membership, many doctors in Oregon, especially in Multnomah county, are well aware that several ineligible physicians and surgeons are accorded staff membership or given full hospital privileges in some hospitals holding themselves as reputable, ethical institutions.

The inconsistency in this state of affairs has frequently and repeatedly been called to the attention of the hospital authorities throughout the state when necessary, and most of the abuses have been corrected. However, there are still a number of hospitals in the larger centers which prefer to make excuses. The most frequent alibi offered is that staff purity is primarily the concern of the hospital staff doctors, which sounds duly plausible until careful study is made of hospital ownership, staff by-laws and provisions. This all too frequently reveals that it is not inability to take corrective measures which holds the hospital authorities back but rather an unwillingness to face and force the issue, especially in instances where the offending ineligible doctors are good revenue producers for the hospitals.

The attempt to pass the buck to staff doctors also fails to withstand close examination for another reason. With a few notable exceptions, not physicians but lay or charitable trustees are the authoritative controlling bodies of the hospitals. Although physicians through their staff organizations in theory may seem to have the machinery for keeping a hospital professional staff in line, or may have access to the governing board in an advisory capacity, *in practical operation the professional staff is powerless to do anything in the absence of trustee backing.* This absence has been and is most prominent in the remaining sore spots where the need is greatest. By contrast, doctors recall the great facility displayed by hospital authorities in dealing with the occasional physician who may inadve. ently trespass against some cherished hospital po-

licy, and wonder if the absence of trustee backing for staff doctors is mere coincidence.

The net result of this, as far as regular physicians can determine, is that hospital policies are apparently made by, or for the benefit of, the few irregular doctors in the picture, whose standards of practice or conduct make them ineligible and unacceptable in regular medical circles, which policies remain effective as long as the hospitals involved continue to derive financial or other benefits from the work of or association with these irregulars. That these doctors are but a pitiful minority of the profession serves only to make the vast majority of worthwhile physicians more acutely aware of the shortcomings of the hospitals which refuse or fail to back the regular members of their staffs. Some hospitals have long wished to eat their cake and have it too, have apparently succeeded heretofore by means of some form of sop to the regular medical profession largely because the bulk of the profession, perfectly aware it was a sop, were to preoccupied to do much about it. But today the regular members of medicine are increasingly aware that previous attempts to have their hospital problems remedied have expired in lethargy and meaningless gestures which no longer fool the intended recipients. It is this general awareness which causes men of medicine to give serious thought to acquiring and operating their own hospitals, pressure for which solution increases almost daily.

Within recent months several hospitals have been politely reminded of their shortcomings in backing up the regular medical profession but no [illegible] concrete has happened to date. This is a matter of record which physicians should bear in mind, for they cannot legally expect or request hospitals to correct abuses or problems of medical organizations not identified or affiliated with hospitals. They do not do so. Physicians do, however, have the right to expect that the hospitals will not let them down.

Oregon hospitals will find Oregon's physicians disposed to be cooperative upon a fair basis, as they have long been in the past; but doctors are also aware that in any conversations between hospitals or hospital groups and physicians there are a few smudges on the hands of the hospitals as noted above which could advantageously be first removed. The situation is largely, if not entirely, of the hospitals' own making. By the same token the power to apply the remedy is also entirely theirs.

REVIEW OF RAILROAD CONTRACT PRACTICE HITS "SLOW" BOARD

For the benefit of numerous correspondents who
5418 expressed comment on the article discussing railroad practice which appeared in last month's NORTHWEST MEDICINE a note of caution should be issued. The work has just begun.

After enjoying an uninterrupted dominance of railroad medical matters for many decades, the railroad companies cannot be expected to welcome with open arms any proposals for lessening the advantages upon which they have long thrived at the expense of the medical profession. The first defensive device one would expect to encounter from the corporations would be a tendency to stall reforms off if possible. While we all admit that the strenuous nature of the times makes conferences difficult to arrange, there is no ovelooking the fact that prolonged failure to get conferees together shoud be considered prime evidence of the lack of desire to get them together. Since last month's article appeared, there have been a few requests from physicians' organizations for conferences but so far none has materialized. The matter is being carefully and analytically watched for further developments. In the meantime, in a spirit of absolute fairness, patience continues.

• • • • •

(This exhibit is part of the September 1944 issue of *Northwest Medicine.*)

Plaintiff's Exhibit 694

5419 Oregon State Medical Society

PROCEEDINGS OF THE COUNCIL

February 5, 1944

(Owing to the absence of a quorum, the meeting was adjourned and reconvened as a meeting of the Executive Committee)

The regular monthly meeting of the Council of the Oregon State Medical Society was called at the Mallory Hotel on Saturday, February 5th, at 5:30 P. M.

Owing to the absence of a quorum, the meeting was adjourned and reconvened as a meeting of the Executive Committee.

The following members of the Executive Committee were present: Thompson Coberth, E. H. McLean, Stanley Lamb, and L. Howard Smith.

Other members of the Council present were: Raymond M. McKeown, Ralph A. Fenton, John H. Fitzgibbon, Henry Garnjobst, and L. S. Kent.

Richard B. Adams, Gordon B. Leitch, Leo S. Lucas, H. vH. Thatcher, and the executive secretary were also present.

Upon motion duly made and seconded, it was voted to dispense with the reading of the minutes of January 8th and to approve them in the form in which they had been supplied to the members.

* * * * *

5420 * * * * *

Dr. Besson, chairman of the special committee appointed to study and submit recommendations concerning the relationship of members to commercial hospital associations, railroad contract practice, and the relations between the Oregon Physicians' Service and the Northwest Hospital Service Plan, reported that the committee had held two meetings with representatives of the Plan and that, as a result of these meetings, a proposal for a cooperative agreement between the two organizations had been worked out. Dr. Besson stated he had recently received a letter from the Northwest Hospital Service Plan rejecting this proposal and indicating that it would be unwise to pursue this proposal further at this time.

Dr. Besson reported that the committee's study of railroad contract practice had revealed much interesting information, but that it was impossible for the committee to present any definite recommendations until a number of factors in the situation could be clarified.

Dr. Besson stated that, in view of these developments, the committee had reached the conclusion that it could make no recommendations on the questions assigned to it for study, that these questions be considered closed, and that the committee be discharged.

5421 Upon motion duly made and seconded, it was voted to thank the special committee appointed to study and make recommendations concerning the relationship of members to commercial hospital associations, railroad contract practice, and the relations between the Oregon Physicians' Service and the Northwest Hospital Service Plan, for their excellent work in studying these problems and to discharge the committee.

There being no further business, the meeting was adjourned.

THOMAS D. ROBERTSON
Secretary

Plaintiff's Exhibit 695

5422 Oregon State Medical Society

PROCEEDINGS OF THE COUNCIL

November 4, 1944

The regular monthly meeting of the Council of the Oregon State Medical Society was held at the Hotel Benson on Saturday, November 4th, at 5:30 P.M.

The following members of the Council were present: Edward H. McLean, L. M. Spalding, Burton A. Myers, Thomas S. Saunders, Stanley Lamb, L. Howard Smith, J. V. Straumfjord, Henry Garnjobst, B. R. Shoemaker, E. D. Lamb, C. W. McCain, W. J. Weese, and John H. Fitzgibbon.

Gordon B. Leitch, J. P. Brennan, H. R. Kauffman, and the executive secretary were also present.

Upon motion duly made and seconded, it was voted to dispense with the reading of the minutes of October 7th and to approve them in the form in which they had been supplied to the members.

* * * * *

Cecil M. Bixler and Maynard E. Blankenship, employees of the Pacific Telephone and Telegraph Company, outlined a proposed statewide prepayment medical service plan for the employees of the company and their dependents and presented a proposed fee schedule for the payment of physicians rendering service under the plan. A general discussion of the plan and other prepayment plans followed. It was informally agreed that the plan as outlined was not workable and that further conferences be held.

5423 * * * * *

Dr. Fitzgibbon outlined recent and contemplated activities of the Council on Medical Service and Public Relations of the American Medical Association.

* * * * *

Dr. Myers, who represented the Society at the fall conference of the Oregon Association of Sanitarians, pre-

sented a written report of the proceedings of the conference. Upon motion duly made and seconded, it was voted that a committee be appointed to study Dr. Myers' report and draft the needed public health legislation outlined in the report. It was suggested that this committee consist of a member of the Committee on Public Policy, a representative of the Oregon State Board of Health, and a member of the Oregon State Bar.

There was extended discussion concerning the relations between the Oregon Physicians' Service and the Northwest Hospital Service Plan.

* * * * *

President McLean announced that Dr. Saunders would be unable to attend the Annual Conference of Secretaries and Editors of Constituent State Medical Associations, to be held in Chicago on November 17th and 18th. Upon motion duly made and seconded, it was voted that Dr. Garnjobst represent the Society in place of Dr. Saunders at the Annual Conference of Secretaries and Editors of Constituent State Medical Associations.

There being no further business, the meeting was adjourned.

THOMAS S. SAUNDERS
Secretary

Plaintiff's Exhibit 696

5424 Oregon State Medical Society

PROCEEDINGS OF THE COUNCIL

January 6, 1945

The regular monthly meeting of the Council of the Oregon State Medical Society was held at the Hotel Benson on Saturday, January 6th, at 5:30 P.M.

The following members of the Council were present: Edward H. McLean, L. M. Spalding, Burton A. Myers, Thomas S. Saunders, R. Lloyd Tegart, Stanley Lamb, Frank R. Menne, Henry Garnjobst, B. R. Shoemaker, E. D. Lamb, W. J. Weese, and L. S. Kent.

Gordon B. Leitch, Warren C. Hunter, C. H. Seagraves, and the executive secretary were also present.

Upon motion duly made and seconded, it was voted to dispense with the reading of the minutes of December 2nd

and to approve them in the form in which they had been supplied to the members.

• • • • • •

5425 Dr. Leitch, representative of the Society on the Oregon State Joint Committee for Health and Physical Fitness, reported on the meeting of the committee held on December 21, 1944. He called attention to the disproportionately large representation of State educational and health agencies on the Committee, as compared with the representation of the medical and allied professions, and expressed the opinion that this situation should be corrected. Dr. Leitch suggested that, inasmuch as the meetings of the Committee were always held in Salem, Dr. Myers be appointed as the Society's representative. Upon motion duly made and seconded, it was voted that Burton A. Myers be designated as the representative on the Joint Committee for Health and Physical Fitness.

Dr. Garnjobst, who, in the absence of Dr. Saunders, represented the Society at the Annual Conference of Secretaries and Editors of Constituent State Secretaries and Editors, held in Chicago on November 17th and 18th, presented a very comprehensive written report of the Conference. Upon motion duly made and seconded, it was voted that this report be accepted with commendations.

President McLean announced that, in accordance with the provisions of the Medical Practice Act, three nominations were to be made to Governor Earl Snell for his consideration in making the appointment to the Oregon State Board of Medical Examiners for the five-year term ending on February 28, 1950. Upon motion duly made and seconded, it was voted to nominate Karl H. Martzloff, Frank R. Mount, and Charles C. Newcastle, all of Portland for the consideration of Governor Earl Snell in making the appointment to the Oregon State Board of Medical Examiners for the five-year term ending on February 28, 1950.

• • • • • •

There was discussion concerning the recently organized Oregon Telephone Employees Hospital Association.

There being no further business, the meeting was adjourned.

THOMAS S. SAUNDERS
Secretary

Plaintiff's Exhibit 697

5429

NORTHWEST MEDICINE

Journal of Oregon State Medical Society, Washington State Medical Association, Idaho State Medical Association and Alaska Territorial Medical Association

Owned and Published Monthly by
Northwest Medical Publishing Association

Office of Publication, 225 Cobb Building, Seattle 1, Wash.

VOL. 44, NO. 1 JANUARY, 1945

BOARD OF TRUSTEES

K. H. MARTZLOFF, M.D., Portland, Ore.
E. H. McLEAN, M.D., Oregon City, Ore.
G. C. SCHAUFFLER, M.D., Portland, Ore.
H. E. COE, M.D., Seattle, Wash.
S. F. HERRMANN, M.D., Tacoma, Wash.
R. N. HAMBLEN, M.D., Spokane, Wash.
J. L. STEWART, M.D., Boise, Idaho
J. T. WOOD, M.D., Coeur d'Alene, Idaho
C. R. SCOTT, M.D., Twin Falls, Idaho

President, J. L. STEWART, Boise, Idaho
Vice-President, H. E. COE, Seattle, Wash.
Secretary-Treasurer, C. A. SMITH, Seattle, Wash.

EDITORIAL STAFF

CLARENCE D. SMITH, M.D., Editor-in-Chief, Seattle
HERBERT L. HARTLEY, M.D., Assistant to Editor, Seattle

ASSISTANT EDITORS

T. D. ROBERTSON, M.D., Portland, Ore.
A. J. BOWLES, M.D., Seattle, Wash.
F. B. JEPPESEN, M.D., Boise, Idaho
W. P. BLANTON, M.D., Juneau, Alaska

ASSOCIATE EDITORS

BLAIR HOLCOMB, M.D., Portland, Ore.
C. E. HUNT, M.D., Eugene, Ore.
F. J. CLANCY, M.D., Seattle, Wash.
O. M. ROTT, M.D., Spokane, Wash.
C. A. ROBINS, M.D., St. Maries, Idaho
S. M. POINDEXTER, M.D., Boise, Idaho

• • • • •

This journal is not responsible for opinions or statements made by authors in communications or papers which have been published. The author will be held entirely responsible.

• • • • •

5430

STATE SECTIONS

Oregon State Medical Society

(Emblem)

Seventy-First Annual Meeting
Portland, 1945

TELEPHONE EMPLOYEES SWING BIG STICK AT OREGON DOCTORS

DEMAND OWN PLAN OF MEDICAL COVERAGE ON OWN TERMS

Oregon telephone employees through the medium of their recently incorporated Telephone Employees Hospital Association have heaved a weighted club at Oregon's medical profession by their action in going over the heads of regular medical organizations, including the Oregon State Medical Society and Oregon Physicians Service, with a direct appeal to individual doctors throughout the state through the following communication just received:

"*To All Physicians and Surgeons in Oregon*:

"The telephone employees have organized a hospital association among the employees only. We have worked out a list of fees with a group of doctors herewith enclosed for your approval. For your convenience in replying we are also enclosing a self addressed stamped envelope.

Thanking you in advance,

Yours very truly,

TELEPHONE EMPLOYEES HOSPITAL ASSN., INC.

M. E. BLANKENSHIP, *Chairman.*"

More accurately, if less diplomatically, the missive could have been better worded to read somewhat as follows: "Greetings, Suckers! The telephone employees want cut-rate medical care on a prepaid basis, so we have organized our own hospital association for employees leaving the boss out to get this regardless, including drugs and family coverage. We are a preferred health group, therefore should get a low cost rate, and we think $1.75 to $2.00 is about right, including the drugs handout. We've checked this with some of our pal doctors who are sharper than your medical society dummies and accordingly we send you herewith the fee schedule which will govern the activity. Whether you like this fee schedule or not, it is our baby and will be the remuneration while you serve us, but we will pay off by the tenth of each month. We hope you will approve this set-up and fall in line with our ideas, so to make your submission easier we enclose herewith a stamped addressed envelope for your anticipated favorable reply."

Greetings, suckers, indeed!

In order to appraise the situation correctly before swallowing the bait or reaching the only sound conclusion under the circumstances, the individual doctors to whom the missive was directed should know the background and facts leading to this attempted bludgeoning.

When or where this so-called hospital plan was first conceived we know not, but it appears to have been well worked out, if not thought out, long before any contact was made with other than the "group of doctors" mentioned in the letter, if any. Eventually a contact with Oregon State Medical Society was requested, and two members of the public policy committee and the executive secretary met informally with representatives of the telephone employees. It was readily seen the proposals were clouded with much misinformation and misunderstanding, but nevertheless the medical people carefully outlined the steps which should be taken to secure medical society approval of any plan developed. They further stated that Oregon Physicians Service already furnished much of the service demanded by the telephone employees, and advised that before much more was done a conference should be held with O.P.S. officials, who were the best posted as to costs and other pitfalls of operation of such plans.

The next heard of the plan was when telephone representatives appeared before the November meeting of the

State Council, seeking approval of a fee schedule, presumably the same now submitted, which was and is baited with impractical generosity. The demand for approval was presented with somewhat of an "or else" attitude which slightly puzzled the councilors, but as the impractical nature of the plan developed, this attitude was considerably modified. It was of notable significance that each councilor present considered the plan unworkable on the basis proposed, warned of the pitfalls, and suggested the matter be gone into with O.P.S. actuaries to see if a mutually satisfactory contract could not be developed. *The question of approval of the plan or the fee schedule was not voted upon because it was felt the matter was too poorly developed and premature,* yet the door was left open for further discussions.

It is known one conference was held with O.P.S. officials, at which no agreement was reached because the proposed arithmetic simply did not square with actuarial experience. The telephone people then offered to eliminate the request for drugs, if the premium rate would be lopped off twenty-five cents. This still did not jibe with the facts, so no accord developed. It was agreed, however, that a further conference would be held in an effort to explore the possibilities, and a tentative date was set. Before this could be held someone jumped the gun with this direct appeal for an approval which regular channels were unable to entertain, due to the impractical plan as presented.

This sudden attempt at side-stepping the usual channels now leads many doctors to question the entire good faith and sincerity of the promoters, when additionally it is recalled the plan does not appear to have originated in any reputable medical group or circles and the initial contact with the medical society was so late as to appear virtually an afterthought. Thus they wonder if this scheme, combined with the obvious unwillingness of the promoters to reconcile their arithmetic with actuarial experience, is not in fact a poorly camouflaged attempt to divide and
5431 conquer. The fact that it would largely and unnecessarily duplicate the mechanisms which the doctors have themselves set up to supply legitimate prepaid medical care would seem to lend substance to the suspicion.

It is high time all members of the medical profession met this and all kindred challenges once and for all by demonstrating that no longer are they willing to be victimized by such badly disguised or any sugar-coated

"wedgings" designed for their subordination to promoting third parties, lay, medical or political. *This is a definite crisis in the affairs of Oregon's doctors,* a bold attempt to foist cut-rate medical care upon them and their patients under the guise of a poorly conceived prepaid plan. This and all other similar bludgeoning efforts should well receive from each doctor of the state the treatment it so richly deserves.

Despite this attempt on the part of the telephone employees to bludgeon the medical profession into the telephone line, the door has not been closed to a proper consideration of the health problem of the telephone employees if they have one. But it should be understood once and for all that Oregon's doctors are aware of the distinctions between prepaid and cut-rate medical schemes, and above all will not be pushed around.

INDUSTRIAL CONTRACT PRACTICE

Railroads up for Review by Councils

Since last report the broth of industrial contract practice has emitted a few significant and encouraging bubbles. Among these are some which further confirm the simpleton nature of doctors who succumb to the lure of this type of practice without giving thought to the damage this may do their colleagues, and eventually themselves, through injury to medical practice in general.

Resulting from the last report of the committee studying the subject, which disclosed there is precious little difference between those doctors doing industrial contract practice, of which railroad contract practice is typical although by no means the sole example, and those selling their professional talents for the advantage and profit of commercial hospital associations, the councils of a number of the county societies are looking into the relationships of their members with increasingly critical eyes.

There is a good chance as a result of these critical reviews that the so-called distinctions which were formerly thought by the uninformed to separate the two groups will be found largely or totally lacking. The hard facts of the situation prevent any other conclusion than that both industrial and commercial hospital association types of third party dominated medical practice are identical in substance insofar as imposition upon and unfairness to the regular medical profession are concerned. When completed, the reviews should provide a clear channel marker to guide

the course of any further actions deemed advisable in the few instances where educational efforts alone may prove insufficient.

Paralleling this action on the part of the medical societies of the state, but in no way connected therewith, is what at first glance appears to be a reform movement developed by certain of the railway brotherhoods and allied organizations to bring about a railroad medical situation more to their liking. The effort seems aimed almost entirely against railroad managements and particularly the claim departments with their allegedly dominated "company" doctors. It is this circumstance which lends some doubt to the likely success of the reform attempts, since a revision of procedures or administration of the so-called railroad hospital departments might meet the brotherhood objections without removing the fundamental objections on the part of the medical profession. At the same time there may be justification for a little hope not based on wishful thinking. In at least one instance representatives of the brotherhoods of a railway serving Oregon and an adjacent state conferred with railroad management toward revising the present company plan of rendering medical care, with the result that for the first time within recent memory a railroad management initiated some efforts to reexamine its plan and learn what alternate procedures might be available.

It is only fair to warn that any conferences between the brotherhoods and their employers, although dealing with a medical topic, are in fact but one more item in a host of employer-employee relations constantly at issue between the two contenders. Doctors should not expect any medical reforms which they feel desirable to emerge for any such management-employee conferences, when they themselves as individuals and as a profession have hitherto been unable or unwilling to set their own house completely in order. It is for this reason the recent stirrings of the various medical societies along these lines can be considered encouraging.

HOSPITAL SHELTERS IRREGULARS, SNIPERS AT DOCTORS' OWN ORGANIZATION

When the deteriorating relationship between Oregon doctors and a number of Oregon hospitals was reviewed in the September issue of NORTHWEST MEDICINE, coincident with the request of the hospitals' Blue Cross plan that

Oregon Physicians Service cease selling hospitalization or offer a merged contract with Blue Cross, the following statement was made: "Medical men in Oregon believe on the basis of past and present performance by hospitals that the best interests of the medical profession cannot be served and safeguarded by hospitals and hospital management groups."

Statement of this belief provoked considerable favorable comment from many doctors, and occasionally a request for citation of a specific case, where only the general belief previously existed. Herewith is given a single instance where it seems the welfare of the medical profession was somewhat less safeguarded by a hospital group than by the profession itself. The incident is neither the most glaring nor the most recent.

Under date of October 28, 1944, while efforts were in progress to improve the cooperation between Blue Cross and Oregon Physicians Service, a leading Portland hospital addressed the following letter to the doctors' group:

"The matter of the examination of patients' records by the Oregon Physicians Service presents problems of definite serious aspect from the viewpoint of the hospital. The medical record of the patient is primarily and definitely confidential between the patient and the doctor and is so regarded by the hospital management. We feel that the interests of the patient, doctor and hospital can be best
5432 protected and preserved, if the records are examined only upon written permission of the patient and the physician, this permission to be kept in our files.

"We, therefore, request that further access to patients' records be properly supported by written authorization from the patient and the physician.

"This procedure will apply to all cases whether discharged or in the hospital."

Having some time previously obtained legal opinion on several matters, including that of case history inspection, O.P.S. might have insisted on its rights, but instead assumed that the concern expressed by the hospital was genuine, not just a little tactical manoeuvering, hence proposed an easy solution. It respectfully pointed out the concern expressed by the hospital toward maintaining the correct relationship between patients and the O.P.S. would no doubt be rapidly alleviated if the hospital would have

the patients sign the demanded releases as a part of the hospital admitting technic.

This simple method of calming the hospital's fears was rejected, it being badly stated that hospitals had enough to do without looking after what they considered strictly an O.P.S. matter; the hospital demanded the signed releases, but it was up to O.P.S. to secure them.

In this state the matter rested for a few weeks, following which, in a spirit of cooperation O.P.S. submitted a proposal to the council of hospitals that all requisitions for hospital admission be stamped with the demanded release. This evoked the following reply from the chairman of the Portland Council of Hospitals:

"Your letter of November 30 for attention of the Portland Council of Hospitals was presented to the council at a meeting on December 7. The Council voted to approve in general the plan you have suggested for authorization to permit your claim examiner to check clinical records in the hospital. This added suggestion is made, however, that the hospitals would like to have, when you do new printing, a plan worked out whereby the authority to examine the hospital record would be presented to the hospital in such form that it could be filed with the clinical chart. I think it was Mr. Morland of Emanuel Hospital who suggested you might have on your form a perforated attachment at the bottom of the Physician's Treatment Orders which would carry authority to examine hospital records and this might be presented by the patient upon admission to the hospital; it would then be attached to the chart and be a part of the hospital's permanent record.

"Possibly you will have a better suggestion than this, but in any case I am sure that we can work out some plan whereby a grant of authority can be presented to the hospital, and the simplest way to do it naturally would be to have it attached right to the requisition which the patient presents to the hospital upon admission."

The conciliatory tone of this official reply has somewhat lessened tension. However, the outburst would have been better received and understood by doctors were they not aware that for at least ten years previously the hospitals showed little or no legal or other concern over the question of hospital chart examination by professionally approved service organizations. During this period there is not a single instance of legal or professional involvement of

the hospitals or physicians practicing therein as far as O.P.S. and its predecessors' records show in the matter of chart inspections. Thus, it would seem fairly obvious that the suddenly acquired concern of the hospitals in this matter may not be too remotely connected with their desire to have O.P.S. withdraw from selling hospitalization coverage in competition with their own hospitals-sponsored organization.

The above conviction on the part of many physicians is strengthened by two other circumstances. They are not aware of any evidence which shows that O.P.S. was not the sole recipient of this suddenly manifested hospital concern. They are also sadly aware that the particular hospital from which this outburst emanated remains rather sadly off-base in the matter of its staff memberships, despite occasional reminders and gentle nudgings from its own staff members of unquestioned regularity. It is widely felt that any bona fide criticisms and suggestions stemming from this hospital directly, or through the Portland Council of Hospitals, (or in reverse direction for that matter) would carry considerably more weight if its efforts were directed more toward setting its own house in order and less toward handicapping or attempting to sabotage the machinery established by organizations of regular doctors for their own protection.

GRAPEVINE QUIVERINGS

Look for Mr. E. B. McNaughton, president of the Northwest Hospital Service Plan, to resign from the presidency of this group.

Whether Mr. McNaughton's rumored departure is intended as a friendly overture on the part of the hospitals could not be learned. If so, the gesture may be wasted, since any opposition on the part of doctors occasioned by Mr. McNaughton's presence in the picture has not been against that gentleman personally, but rather the policies which he is charged with carrying out as president of the hospital service plan.

It is understood Mr. McNaughton will continue to serve as a trustee of Good Samaritan Hospital, Portland.

SOCIETY MEETINGS

Multnomah County Society Hears Labor Editor

The annual meeting of Multnomah County Medical Society, held in Portland on December 20, proved to be one

of the most educational meetings in its history, due largely to the presentation of some labor views on the current problems facing medical practice.

Guest speaker of the evening was Mr. S. Eugene Allen, editor of the *Oregon Labor Press*, a publication of the American Federation of Labor unions in Oregon. Mr. Allen, a graduate of the University of Oregon and member of the Portland School Board, gave a detailed presentation of Labor's views on questions of national health and particularly on the medical care of the future. While not all doctors will agree with many of the remarks presented, Mr. Allen's speech, entitled "A Labor Editor's Views of Medical Care," proved so thought provoking that the society recommended its publication in a subsequent issue of NORTHWEST MEDICINE.

Mr. Allen was followed on the program by Dr. John H. Fitzgibbon, who, speaking extemporaneously, reviewed recent developments in the field of medical economics and public relations, offered a number of timely comments on the latest pressure to which medicine is being subjected, and refuted a number of conclusions voiced by the previous speaker.

5433

The Society voted to continue its assessment on current members in order to carry the names of its members in the armed forces without dues, and also voted to continue the special assessment for the University of Oregon library periodicals fund.

The meeting concluded with a short speech by E. E. Gambee, retiring president, and some well chosen remarks from Blair Holcomb, who was installed as president for 1945.

STATE SOCIETY COUNCIL MEETING

The December meeting of the Council of the Oregon State Medical Society was held in Portland on December 2, with a goodly attendance of councillors. President E. H. McLean conducted the meeting, which was one of the shortest in recent months.

Dr. Myes reported on the latest developments in the brucellosis situation, and stated that in view of recent announcements by the dairy industry and supporters he understood the unsatisfactory conditions were well toward solution, with legislation likely to be introduced to correct defects. In the meantime there was little his committee expected to do.

Leslie Kent gave further report of the situation regarding the federal E. M. I. C. program. As usual, this came in for much lively discussion, with the spread of misleading propaganda drawing the chief ire. It was resolved to continue efforts to direct the program into channels more suitable and fair to the medical profession.

Richard Adams reported for the committee on public policy that he understood legislation would be introduced, with the approval of the affected schools of thought, to modify the Medical Examiners Act in keeping with the diminishing number of homeopathic and eclectic physicians practicing in the state. The policy of the committee toward other proposed legislation with medical implications would continue to be one of careful scrutiny.

Frank Menne reported on the status of the effort to require all county coroners be physicians.

Other routine matters were disposed of in due course and adjournment followed. The next meeting of the Council will be in January.

PERSONALS

H. C. Eastland of Reedsport has announced his retirement from practice, but in view of the death of Dr. Fields of Reedsport will not entirely withdraw until some replacement arrangement materializes. Dr. Eastland hopes to resume a portion of his practice in a community where the responsibility thrown upon him will not be as heavy.

Senator Best Resigns. State Senator James A. Best of Pendleton, who has represented Umatilla county in the Senate for the past six sessions, resigned from this office because of ill health. Dr. Best, whose birthday always was a happy occasion celebrated in legislative circles by both legislators and physicians, will be 81 years of age in February, and felt his failing health made it impossible for him to carry on. Except for a five-year period at Weston, Dr. Best has practiced medicine continuously in Pendleton.

Madeline Marr has been appointed Eugene's first director of health education and school physician. Dr. Marr is a graduate of Creighton University, took postgraduate work at Iowa and Minnesota.

W. W. P. Holt of Medford resigned as county physician. His duties will be taken over by a panel of four physicians furnished by Jackson County Medical Society.

OBITUARIES

REUBEN H. FIELDS of Gardiner died at his home December 8, after a short illness. Dr. Fields was born in 1873, came to Cottage Grove and Eugene before practicing medicine in the lower Umpqua vicinity. He saw service as a major in the first world war, also in Siberia as a member of the Red Cross. He was active in Masonic and local medical circles.

HERMANN K. STOCKWELL, prominent Salem physician and surgeon, died in late November after an illness which had kept him from his office since last April. Born in 1880, Dr. Stockwell graduated in medicine from McGill university, later served in the first world war, and finally entered private practice in the state of Washington. Still later he transferred to Salem, formed the Salem clinic with which he was associated at the time of his death.

DR. WALTER HERMAN BECKER, 70, died in Good Samaritan Hospital, Portland, December 27, after a short illness. A native of Iowa, Dr. Becker had spent most of his life in Oregon. He was a graduate of Willamette University, Oregon State College and University of Oregon Medical School. He was prominent in Methodist church activities and also fraternal organizations.

PENICILLIN FOR EMPYEMA

Penicillin administered, by injection into a muscle, for one week before and for two weeks after the partial or total surgical removal of the lung appears to be useful in preventing pyogenic (pus producing) infections following the operation, nine Philadelphia investigators report in *The Journal of the American Medical Association* for December 16. Their report is based on results obtained in a study of 41 patients, 21 of whom received the penicillin treatment and 20 of whom served as controls.

The report is made by William L. White, M.D.; W. Emory Burnett, M.D.; Charles P. Bailey, M.D.; George P. Rosemond, M.D.; Charles W. Norris, M.D.; Grant O. Favorite, M.D.; Earl H. Spaulding, Ph.D.; Amedo Bondi, Jr., Ph.D., and Russell Fowler.

None of the patients receiving penicillin prophylactically showed evidence of empyema (pus in the chest), the investigators say, while 12, or 60 per cent, of the controls developed pus in the pleural or chest cavity. Patients with pus producing lung infections who had part or all of the lung

removed and who received the penicillin not only showed no evidence of postoperative infection but also had less fever, were allowed out of bed earlier and were discharged sooner than control patients. No toxic reactions were noted in the penicillin patients.

Plaintiff's Exhibit 698

5435 DOCTORS RELIED UPON TO SELL THEMSELVES OUT

At last report all seemed quiet on the telephone employees hospital association front. Whether this frontal attack on the medical profession's own machinery for making prepaid medical care widely available will remain quiet indefinitely, or is but an ominous lull before the flare-up, remains to be determined. Meanwhile the threat continues unabated.

The second fact studying conference, slated to be held between promoters of the actuarial unsound telephone employees plan and officials of the O.P.S., had not been held at time of going to press. The impression persists it will not be held, despite the expressed willingness of Oregon Physicians Service to look into the matter at any time. The telephone promoters seem determined to proceed with their baited unsound scheme regardless. Undoubtedly they intend to rely on the generally accepted belief that in financial matters doctors are suckers, will readily fall for any scheme which promises to dangle an extra dollar before their eyes, will entirely overlook that by accepting it they sell themselves down the river.

Herewith is published one doctor's reply to the telephone employees' invitation to doctors to sell their own organization out. It is selected from several such letters furnished the Oregon section of NORTHWEST MEDICINE because it is typical and because this doctor, having gone through the actuarial growing pains of prepaid medicine, well knows whereof he speaks.

Telephone Employees Hospital Association,
Portland, Oregon.

Gentlemen:

Today I have in hand your Telephone Employees Association fee schedule and the statement that you had worked

out this list of fees with a group of doctors. I also gather from your statement that you are inviting me to reply to the same.

As an individual and a member of the Oregon Physicians Service, the recognized organization of the Medical Society to take care of such service as you propose to furnish your group, I fail to see the necessity for your attempt at competition with the Medical Society's agency.

The service to the members of your group has to be furnished by the same men who are servicing their own group, viz., O.P.S., and I see no reason why the Telephone employees should attempt to disrupt the organization of the Medical Society any more than I should attempt to establish an independent union among your workers for one reason or another.

Suppose you could be successful in saving two-bits monthly to each of your people, it would only be at the expense of the Medical Society plan and other employee groups not as fortunate as yours. If you have in mind that the cost to your employees will be lower than that of the O.P.S., I am sure you are working under a misapprehension that time will undoubtedly prove. If you are attempting to hinder or disrupt the efforts of the Medical Society, you are on the right track.

NEW OPS DIRECTOR NAMED

Trustees of the Oregon Physicians Service, meeting in Portland on January 6, accepted with deep regret the resignation of Thompson Coberth of The Dalles as director, vice-president and chairman of the committee on Public relations. Dr. Coberth will continue as one of the trustees.

Elected a director to fill the unexpired term of Dr. Coberth was J. P. Brennan, of Pendleton, who as one of the Trustees has long been interested in O.P.S. affairs, and previously served a term as director of the organization.

DIRECTORS OF OREGON PHYSICIANS SERVICE WEIGH PROBLEMS

Following the special meeting of the trustees of Oregon Physicians Service, recorded elsewhere in this issue, a meeting of the directors was held. J. P. Brennan, of Pendleton, was seated to fill the unexpired term of Thompson Coberth, and was also elected vice-president of the organization and chairman of the committee on public relations.

A proposal received from management officials of the Blue Cross plan was read. It was felt by the directors that the suggested proposals differed in no fundamental respect from previous studies of the matter now on file, hence no action of the board was required at this time. For comparative purposes a memorandum dealing with similar affairs in the state of Washington was read and the differences noted.

It was voted to send D. R. Ross, president, L. M. Spalding, secretary and president-elect of the Oregon State Medical Society, and Mr. Willard Marshall, general manager, to represent Oregon Physicians Service at the national conference on medical economics and extension of medical care, scheduled for Chicago early in February, at which time representatives of all approved plans will meet to consider their problems.

The directors voted to invest in short term U. S. government bonds the funds recently received from sale of class "AA" capital stock. They also endorsed the proposed legislation which will require organizations such as O.P.S. to set aside a portion of their revenues as reserves, a desirable state of affairs not now permitted or economically possible under existing tax laws.

A request was received from the Jackson county stockholders, that O.P.S. devise a plan for extending hospitalization coverage to families residing in Jackson county, it being contemplated that this plan will be confined to Jackson county to meet a local need, at least for the present. Since to grant this request would run counter to the last expression of the Oregon State Medical Society, the proposal was referred to the latter body and will probably be submitted to the spring meeting of the House of Delegates for reconsideration of the former policy in light of latest developments.

STATE BOARD OF HEALTH

Frederick J. Stricker, state health officer for almost twenty-five years, recently submitted his resignation to the state board of health, and Harold M. Erickson has been named to the position in his stead. Dr. Erickson is a graduate of University of Oregon Medical School, and Johns Hopkins Public Health School. He was formerly assistant state health officer.

Thos. D. Robertson of The Dalles was named president of the State Board of Health for the ensuing year. D. C.

Burkes of Portland is first vice-president; L. D. Inskeep of Medford is second vice-president. Dr. Stricker will continue

(This exhibit is part of the February 1945 issue of *Northwest Medicine.*)

Plaintiff's Exhibit 699

5436 • • • • •

TILLAMOOK COUNTY AFFILIATES WITH O.P.S.

Under date of January 14, 1946, George W. Lemery, president of Tillamook County Medical Society, advised the management of Oregon Physicians Service that Tillamook county doctors, by unanimous vote, invited the doctor-sponsored plan for prepaid medical care to write contracts for this type of service in Tillamook county and vicinity.

With this action one of the few remaining spots in the state not covered by approved medical service plans was included in the prepaid organization and its affiliates.

(This exhibit is part of the February 1946 issue of *Northwest Medicine.* The death of Dr. Richard Berry Adams of Portland in December 1945 is noted in this issue.)

Plaintiff's Exhibit 700

5438 Oregon State Medical Society

PROCEEDINGS OF THE COUNCIL

February 3, 1946

The regular monthly meeting of the Council of the Oregon State Medical Society was held at the Hotel Benson on Saturday, February 3rd, at 6:00 P. M.

The following members of the Council were present: Raymond M. Mckeown, Cecil J. Ross, John H. Fitzgibbon, Stanley Lamb, Frank R. Menne, J. V. Straumfjord, Henry Garnjobst, B. R. Shoemaker, E. D. Lamb, W. J. Weese, and L. S. Kent.

Gordon B. Leitch, J. Milton Murphy, Russell H. Kaufman, Harold M. Erickson, and Wilmot C. Foster were also present.

Willard C. Marshall, Arthur W. Knox, and C. W. Kincaid of the Oregon Physicians' Service and the executive secretary were also present.

In the absence of President L. M. Spalding, the meeting was called to order by Raymond M. McKeown, Third Vice-President.

In the absence of Secretary Thomas S. Saunders, Stanley Lamb was appointed Secretary-Pro-Tem.

Upon motion duly made and seconded, it was voted to dispense with the reading of the minutes of January 5th and to adopt them in the form in which they had been previously supplied to the members.

A letter from Frank R. Mount was read. In the letter, Dr. Mount submitted his resignation as Delegate to the American Medical Association, for the reason that physical limitations prevented his performance of the duties of this office. Upon motion duly made and seconded, it was voted that Dr. Mount's resignation as Delegate to the American Medical Association be accepted with regret and that the Executive Committee be authorized to fill this office.

A letter from Clarence A. Smith, Editor of "Northwest Medicine," was read. In the letter, Dr. Smith reported the transactions of the annual meeting of the Trustees of the Northwest Medical Publishing Association held on January 27th in Seattle. Dr. Smith stated that it had been determined that Northwest Medical Publishing Association, as a corporation, was solely responsible for the financial obligations of the journal, that its Trustees and officials are exempt from such responsibilities, and that, therefore, there is no reason to anticipate any financial liabilities falling upon the Oregon State Medical Society, the Washington State Medical Association, or the Idaho State Medical Association as a result of the operations of the journal. Dr. Smith further stated that the ownership of the journal by the Northwest Medical Publishing Association had been definitely established by the execution of a bill of sale to the Publishing Association by the Trustees of the Seattle Medical Library, successor to the Washington Medical Library Association, by which the journal was originally published. Dr. Smith further stated that the By-Laws of the Northwest Medical Publishing Association had been amended to create a less direct relationship with the three

cooperating state medical associations by providing that each association shall nominate, instead of elect, three Trustees, the Board of Trustees to elect the Trustees.

5439 • • • • •

In the absence of Edward H. McLean, Chairman, Gordon B. Leitch, member of the special committee established at the December meeting to confer with the Committee on Public Relations of the Multnomah County Medical Society concerning the proposal that "The Bulletin" of that Society also serve as a bulletin of the Oregon State Medical Society and to submit recommendations regarding this proposal and the "Service Bulletin" of the Oregon State Medical Society, submitted the following recommendations of the committee:

(a) That some type of State News Bulletin is desirable.

(b) That "The Bulletin" of the Multnomah County Medical Society be not used as a bulletin of the Oregon State Medical Society.

(c) That the "Service Bulletin," in its present war-time function, be discontinued within a reasonably short time.

(d) That the publication of an "Oregon State Medical Journal" be not undertaken.

(e) That the participation of the Society with the Washington State Medical Association and the Idaho State Medical Association in the publication of "Northwest Medicine" and the "State Sections" feature of "Northwest Medicine" be continued.

Upon motion duly made and seconded, it was voted that this report be adopted and that the committee be authorized to publish a State News Bulletin in such form as it deems advisable.

• • • • •

5440 • • • • •

Dr. Kaufman asked Mr. Marshall, General Manager of the Oregon Physicians' Service, to outline the provisions of the Michigan plan.

Mr. Marshall read the contract recently consummated between the Michigan Medical Service and the Veterans Administration.

Following extended discussion, upon motion duly made and seconded, it was voted to authorize the Oregon Physicians' Service to enter into a contract with the Veterans Administration for the care of veterans in Oregon under the general principles contained in the contract recently consummated between the Michigan Medical Service and the Veterans Administration.

Dr. Erickson, State Health Officer, outlined certain current problems and activities of the Oregon State Board of Health.

• • • • • •

Dr. McKeown announced that a Councilor for the First District was to be elected to fill the unexpired term ending in 1946 of the late Richard B. Adams. John P. Cleland of Oregon City was nominated and unanimously elected.

Dr. McKeown announced that a Class "A" Stockholder of the Oregon Physicians' Service was to be nominated to fill the vacancy recently created by the death of Thompson Coberth of The Dalles. Max Hemingway of Bend was unanimously nominated.

5441 • • • • • •

STANLEY LAMB
Secretary-Pro-Tem

Plaintiff's Exhibit 701

5442 NORTHWEST MEDICINE

The Journal of the State Medical Associations of Oregon, Washington, Idaho, and Pacific Northwest Medical Association

Issued Monthly by
Northwest Medical Publishing Association

Office of Publication, 543 Stimson Building, Seattle, Wash.

BOARD OF TRUSTEES

A. G. Bettman, M. D.
Portland, Ore.
G. C. Schauffler, M. D.
Portland, Ore.
K. H. Martzloff, M. D.
Portland, Ore.

H. G. Willard, M. D.
Tacoma, Wash.
F. J. Clancy, M. D.
Seattle, Wash.
R. N. Hamblen, M. D.
Spokane, Wash.
J. T. Wood, M. D.
Coeur d'Alene, Ida.
J. L. Stewart, M. D.
Boise, Ida.
C. M. Cline, M. D.
Idaho Falls, Ida.

EDITORIAL STAFF

Clarence A. Smith, M. D.
Editor-in-Chief
Seattle, Wash.
James M. Bowers, M. D.
Assistant to the Editor
Seattle, Wash.

ASSOCIATE EDITORS

W. H. Bueermann, M. D.
Portland, Ore.
A. J. McLean, M. D.
Portland, Ore.
H. E. Coe, M. D.
Seattle, Wash.
O. M. Rott, M. D.
Spokane, Wash.
W. F. Passer, M. D.
Twin Falls, Ida.
Alexander Barclay, M. D.
Coeur d'Alene, Ida.

ASSISTANT EDITORS

M. L. Bridgeman, M. D.
Portland, Ore.
C. H. Thompson, M. D.
Seattle, Wash.
H. W. Stone, M. D.
Boise, Ida.

VOL. 35 JANUARY, 1936 No. 1

ADDRESS

BASIC SUGGESTIONS TO THE OREGON PROFESSION*

A. M. Webster, M. D.
Portland, Ore.

* * * * *

5444 * * * * *

The Oregon State Medical Society carries on its work in a very well organized way. The committees work under the direction of the President and the Executive Committee. The arrangement is very satisfactory. Any physician who has anything on his chest can easily get an opportunity to present the matter to the Executive Committee or the Council. We have a smoothly working machine of entirely benevolent character. No person outside or inside who has good motives has any reason to fear this organization or oppose it.

This society should be supported by every physician licensed to practice in Oregon. It is the only group authorized to speak for the medical profession. It stands between the physician and the predatory interests that would debase him to a mere hireling if they could. It is the lone physician's advocate in guarding his interests, his counselor in trouble, his bulwark of defense under attack. The physician who does not support the State Medical Society by paying his dues is thumbing a free ride. If there were no State Medical Society, the necessity for organizing one would appear immediately.

The usual course of matters that come up for decision, if not urgent, is for the Executive Committee to investigate, make a recommendation to the Council and it makes the final decision; when the matter is not urgent it may be referred to the House of Delegates.

We have entered upon this convention with the largest membership in the sixty-one years of the life of the Society.

* President's Address, read before the Sixty-first Annual Meeting of Oregon State Medical Society, Gearhart, Wash., Sept. 19-21, 1935.

This happy condition is not a mere accident, but the result of intelligent and persistent effort to make this organization an essential to every physician in our State. There is an evidence of solidarity in this that augurs well for the progress of scientific medicine in Oregon. The consciousness of the power of numbers gives confidence to those who are entrusted with leadership and makes for notable progress in the many lines that are important to our profession and that intimately affect our success and prosperity.

We form a group that is very important to the general public as we are pledged to so conduct our activities as to promote the public health and general welfare. An altruistic group such as ours is unique in the social organization known as the State. We have shown this rather dramatically during the past year by entering politics and bringing about the defeat of the initiative measure which was calculated to debase the standards of medical practice and withdraw from the public the protection against ignorant quacks which is one of the most precious safeguards afforded the unwary.

In waging this fight against the unscrupulous proposals of the quacks, our profession attained a solidarity heretofore unknown to it in this State, and we became conscious of political power which we wielded to the advantage of the general public and which we propose to use in the future to advance the cause of scientific medicine, public health and public welfare. Drs. Best, Hosch and Hockett, members of the legislature, cooperated perfectly with the State Medical Society and did much to accomplish quietly the good work whose value is but faintly appreciated by people in general.

Even the rank and file of our own Society have hardly realized the extent of the activities of our organization. Not only the public but the profession has benefited by them. Never in the history of this Society has it been so well organized and so full of the determination to
5445 accomplish lasting good. Incidental to the battle against the quack bill, a campaign of education was carried on and much interest aroused in the ideals and purposes of the medical profession.

I would be remiss indeed if I did not mention here the splendid and effective work of the Woman's Auxiliary. These loyal women laid aside their usual duties and canceled social engagements to devote themselves wholeheartedly and without stint to the task of informing the

public about the dangers of the proposed bill and in spreading sound ideas as to the practice of medicine, the training of physicians, their purposes and ideals. I watched the work of these splendid women and am convinced that they were a very important factor in bringing about the sweeping victory for scientific medicine.

I believe the time is ripe for the establishment of a program of education of the general public under the auspices of the State Medical Society. There are indications that such a program would be welcomed by the more intelligent part of our population and lay support it can be obtained to a large extent. Certain half-baked proposals can be met successfully by such a program and the adoption of hostile legislation prevented. It is only necessary to explain the character of our policies and purposes to win the support of fair minded people.

The Woman's Auxiliary has before it an unlimited field of cooperation with the committee of our Society having charge of public education. I believe we should be very aggressive in this field for it is evident that the general public has a very limited knowledge of the purposes and ideals of medical organizations; in fact, not merely very limited knowledge, but is well supplied with a lot of misinformation which forms the basis for unfriendly comment, not only by irresponsible loose thinkers, some of whom edit newspapers, but by many others who are well informed on most topics of human interest.

RECOMMENDATIONS

In facing the future, I wish to say most emphatically that I plead for a general acceptance of the broad view and the long look ahead, forgetting for the time being the minor things that clutter up our mental processes and produce an incorrect evaluation of medicosocial relations.

It is perfectly obvious, I think, that the orderly aggrandizement of our legitimate influence in shaping public opinion in all matters that interlock with the ethical practice of medicine depends on a strong, wise and aggressive State Medical Society. We already have a very comprehensive, mobile, and efficient set-up, under the present Constitution and By-Laws. The organization is democratic enough so that it is responsive to the majority opinions of its constituent societies or large groups of individuals, and it is autocratic enough to swiftly decide important questions and put the decisions into effect.